

TELEVISION DIGEST®

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

With Consumer Electronics

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MORE FCC CONFIRMATION DELAYS IN SENATE: Confusion, delays and politics, which have been especially large part of FCC nomination process for last 2 years, continued late last week. Latest development as we went to press: Unnamed Democratic senator had placed informal hold on confirmation of all 3 nominees. It was unclear what was happening or would happen and there was no indication whether action was directed toward only one or all 3 nominees -- NTIA Dir. Alfred Sikes (who is slated for chairmanship), Washington attorney Sherrie Marshall (former FCC staffer) and Andrew Barrett, member of Ill. Commerce Commission (who has been offered chairmanship of Ill. Commission by Gov. James Thompson [R]).

Senate, which hoped to adjourn Aug. 4 until after Labor Day, was expected to be in session very late -- holding hope that confirmations would come up for vote. If confirmed, Sikes is expected to be sworn in today (Aug. 7), Marshall and Barrett (if he doesn't elect to stay in Ill.) at later date. Sikes has been appointed for full term, Barrett for only year, Marshall for term of departing Chmn. Patrick, which expires June 30, 1992. Patrick told us he expects to remain at FCC through today "to clean up some loose ends."

Nominees had confirmation hearing before Senate Communications Subcommittee July 31, but it turned instead into session devoted to attack on alleged evils of pornography and violence on cable and over-the-air

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IDTV ACCEPTED BY CONSUMERS, sales limited only by production, Philips says, joining other manufacturers in offering to discuss broadcasters' distortion claims. (P. 9)

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DAT AGREEMENT BEST AVAILABLE, RIAA Pres. Berman says, answering criticism amid mounting evidence hardware manufacturers handed down ultimatum. (P. 13)

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broadcasting -- which might have been expected after Subcommittee released list of witnesses (TVD July 31 p2). Full Commerce Committee reported all 3 nominees favorably next day on 15-2 vote, with Sens. Gore (D-Tenn.) and Rockefeller (D-W.Va.) dissenting.

Discussion in 2-1/2 hour questioning of nominees, while centering on programming, also touched on telecommunications policy and repair of relationship between FCC and Congress. On key telecommunication question, nominees were asked by Subcommittee Chmn. Inouye (D-Hawaii) whether they thought Modified Final Judgment (MFJ) restrictions on RHCs should be lifted. In responses that companies aren't likely to find encouraging, all 3 nominees expressed extreme caution on changes in AT&T consent degree. Sikes said that he didn't think all restrictions should be lifted and that FCC could have opportunity under his chairmanship to work on safeguards that would be needed should Congress lift restrictions. Marshall, who formerly headed congressional relations at FCC, said that restrictions shouldn't be ended until they're "preceded by effective safeguards." Barrett said only that Congress should "make haste slowly" in considering changes to MFJ.

On question of congressional relationship with FCC, senators said they hoped situation would improve from one that existed under ex-FCC Chmn. Fowler and incumbent Patrick. Marshall was questioned closely by Gore, who noted that she was "part of the FCC that is being disparaged as unresponsive." Marshall replied she joined FCC after the fairness doctrine was declared unconstitutional, explaining that her role as legislative liaison was to be "the resident pragmatist" who would try to improve relations with Congress. Unfortunately, she said, she "underestimated the damage," although she concluded that some relationships with Hill "did improve marginally over time."

Theme of what FCC should do about pornography and violence on broadcast stations dominated most of questioning, as Gore and other Democrats argued that harmful programming had flourished under Fowler regime at FCC because then-chmn. had refused to enforce rules against it. In addition, panel of representatives from media-monitoring organizations opposed Sikes, saying he would follow Fowler in allowing harmful programming on TV. Organizations included Palmetto Family Caucus, S.C.; Religious Roundtable; Morality in Media. Palmetto Caucus Exec. Dir. Ray Moore said in prepared statement that Sikes's interviews "have led many profamily, prodecency organizations in the country to conclude that he is antagonistic towards enforcement of the law against indecency and himself unmindful or worse, indifferent, to the concerns of a vast majority of Americans in protecting their children."

Asked by Inouye how they would proceed against indecency and violence on TV, nominees had varying answers. Barrett created most controversy when he said there is market for indecent programming. Sikes said indecency is subject to governmental action, added he would support bill by Rep. Tauke (R-Ia.) to develop standards along lines of old voluntary NAB code. Marshall said Congress should pay attention to "unique accessibility" of indecent programs to children. Barrett had to defend his remarks on existence of market for indecency under questioning by Gore, who said he was puzzled by Barrett's answer. Barrett replied by comparing situation to drug sales in Washington, saying substances are illegal but sales exist because people buy them. Noting that he finds most of TV programming under discussion "extremely disgusting," Barrett said best means of shutting down such programs is to go to sponsor, adding that if there was no market, shows wouldn't be there. Barrett denied, however, that he was suggesting boycotts.

(Later in week, Barrett wrote Sen. Helms [R-N.C.] -- prime Senate foe of indecency in broadcasting -- with copies to members of Senate Commerce Committee, in apparent attempt to undo harm. Barrett wrote that as member of FCC "I will do everything in my power under the law to ensure that licensees across the nation broadcast programs that comport with the highest moral standards of our society." Saying that he wanted to "make my position on this issue [indecent programming] clear for the record," he said: "I personally abhor the indecency and obscenity that pervades the society today. There is no question that preventing obscene and indecent broadcasts is a critical function of the FCC... The FCC has the obligation to ensure that [licensees] set the highest standards for decency." Helms is author of amendment to appropriations bill that would ban indecent TV programming. Helms aide told us letter will "help a lot" but he didn't know whether Helms would oppose Barrett on Senate floor. We're told it wasn't Helms who put informal hold on nominations.)

On another issue of intense congressional interest, nominees were asked by Sen. Breaux (D-La.) for their positions on fairness doctrine. Sikes, as former broadcaster, said he was opposed to doctrine because it could place limit on "voices of diversity" and because broadcasters may be confused about their responsibilities under it. Marshall replied that doctrine may be "good journalistic policy" but that problems occur when govt. tries to make decision as to whether broadcasters acted responsibly. Barrett agreed with Sikes that diversity

is good policy, but said had he been commissioner at time doctrine was abolished in 1987 he wouldn't have supported eliminating it unless there had been "overwhelmingly evidence."

Meanwhile, Patrick chaired his last FCC meeting Aug. 2. As promised when he announced his pending resignation last April, he has not recused himself from any case and said he has conducted no job interviews and has no idea where he will end up -- East Coast or his native West Coast. But, he said: "I'm excited about exploring opportunities in both law and business." Despite wide speculation that he would return to Cal., he said he "definitely" hasn't ruled out practicing law and staying in Washington.

On that score, his fiancée Paula Grace makes no secret that she would like to stay in Washington, where she is executive in commercial real estate firm Audette Inc. Patrick said that no wedding date has been set, only that it will be "sometime in the fall." He joined FCC as member Dec. 2, 1983, and before that was in White House personnel office, consultant to NTIA and practiced law in L.A. He has been in charge of Commission with only 3 members since fall of 1987, and other 2 are Democrats -- Comrs. Quello and Dennis.

Several key staffers will be leaving FCC soon after Patrick -- most notably Chief of Staff Peter Pitsch and Mass Media Bureau Chief Alex Felker. Both have told Sikes they plan to resign, although no dates have been set; Felker starts vacation today. Both said their actions were on their own initiatives. Pitsch, former chief of Office of Plans & Policy, told us: "I've had 8 great years at the FCC. I wouldn't change them for anything [but] I'm ready to go on and do something else."

Sikes has kept own counsel on FCC staffing plans, but one of his key appointments has leaked: Charles Schott, who joined Sikes at NTIA as deputy dir. from chief of Policy & Rules Div. of FCC Mass Media Bureau, will be chief of staff. Since Sikes's appointment was announced in late June (TVD July 3 p1), Schott has been back in FCC's Office of Plans & Policy to work on transition. Some other former FCC staffers now at NTIA also are expected to return to Commission under new chmn. Senate did confirm Janice Obuchowski, ex-Nynex and FCC, as successor to Sikes as NTIA dir. Aug. 3.

26% BASIC CABLE RATE INCREASE SPURS DEBATE: Average rate for basic cable service increased 26% in 22 months after deregulation, General Accounting Office said in report released at House Telecom Subcommittee hearing last week, but decline in rates for premium services held growth in total cable bills to 14%. NCTA hailed report as proof rate increases haven't been excessive since deregulation, but several House Telecom Subcommittee members expressed dissatisfaction and raised questions about reregulating industry, or at least curbing trafficking in cable franchises. Subcommittee Chmn. Markey (D-Mass.) said more hearings are planned.

Total revenue per customer increased from \$21.58 to \$24.68 per month, according to GAO report, which was expected to provide definitive data for debate on cable's future. Rate for lowest priced basic service grew 29% to \$14.48 in Dec. 1986-Oct. 1988 period, GAO said, and most popular basic service price was up 26% to \$14.77. Rates for premium services decreased 15¢-37¢ per month per channel. Report said overall cable subscriptions rose 15% in period, penetration to 57% from 55%, premium service subscribers 14%, homes passed 16%.

Price boosts are more than 4 times rate of inflation, Markey said during hearing: "Perhaps more troubling was GAO's finding that 17.6% of cable subscribers incurred a rate increase of more than 50%, with more than one in four... incurring more than 40%." High rate of ownership "churn" within industry was criticized by Subcommittee members and witnesses. GAO said 34% of all cable systems changed hands in survey period, figure Markey said "will cause raised eyebrows in Congress." Study may understate actual price increases, Rep. Boucher (D-Va.) said, because "common sense suggests" that cable systems with largest rate increases would have been least likely to respond to survey. GAO had 74% rate of return from random sample of 1,950 cable systems selected from data supplied by Market Research & Data Sales Div. of Warren Publishing.

NCTA Pres. James Mooney said rate increases "are not inconsequential numbers," but are "not unreasonable." He said total cable bills rose only 8 percentage points faster than inflation during period. Mooney testified cable rates trailed inflation by 72 percentage points in 14 years before deregulation, and basic cable rate still is \$1.77 below what level would be if it simply had increased with inflation since 1972. He said number of basic channels has increased to 32 in 1988 from 27 in 1986, causing price per channel to rise only 2¢ per month. NCTA also cited cable industry investments in plant upgrades -- \$246 million in 1986, \$292 million in 1987, \$417 million in 1988, projected \$417 million this year. NCTA blamed some of boosts on 66% increases in spending for programming, local franchise fees, taxes.

Cable officials admitted at hearing that there are some abuses. "A very small minority of cable operators have abused the trust Congress placed in our industry," Continental Cablevision Chmn. Amos Hostetter said. He particularly cited "a few financial players solely motivated by realizing short-term gains." But Mooney said NCTA doesn't believe survey "depicts an industry broadly abusing its freedom." Majority of cable owners "have been responsible," Markey said, but laws are written "to control the behavior of the 5 or 10% of our fellow citizens who would misbehave in the absence of clearly established laws."

GAO study sparked renewed debate on whether cable is monopoly, with Subcommittee members divided on issue. Rep. Swift (D-Wash.) said debate was useless because cable industry "walks, quacks and looks like a monopoly, so for all intents it is." Cable industry is "just doing what comes naturally" by holding down competition and raising rates, Rep. Tauzin (D-La.) said. He said Congress should consider encouraging competition by telcos and satellites: "The only choice we can't make is to continue letting cable do what comes naturally." But reregulation "is a solution in search of a problem," said Rep. Schaefer (R-Colo.). He said all prices have increased, not just those for cable, and main complaints he has heard are from constituents who can't get cable at all. Rep. Oxley (R-O.) said 98% of all customers are satisfied with cable and there is plenty of competition from broadcast TV, VCRs, satellites. Talking of cable's having monopoly is "rather far-fetched" in era of information overload, Rep. Ritter (R-Pa.) said.

Cable officials didn't reject possibility of limiting trafficking in franchises, issue raised by several Committee members. Panel members said high prices being paid for cable systems must result in higher rates for consumers. Continental Cablevision's Hostetter said it's "perfectly appropriate" to consider antitrafficking provisions, although that could be controlled by local authorities. Mooney said he doesn't have "knee-jerk" objection to antitrafficking rules, but would want to know more details first. He said NCTA would be happy to talk with committee about rules that might be acceptable in general.

Antitrafficking rules would solve only part of problem, said Ft. Worth Mayor Robert Bolen, newly elected pres. of U.S. Conference of Mayors. He said local officials are frustrated at inability to control cable systems and advocated return to utility model of regulation, in which rates are related closely to costs. Mayors proposed Congress enact legislation giving them authority for local rate regulation, ability to force cable to provide "lifeline" service at regulated rates, signal quality standards, improved ability to deny franchise renewals, rules against programmer discrimination, requirement that system carry all local broadcast signals.

There was little difference in price increases between cable systems that were deregulated by local authorities before 1986 and those deregulated by Cable Act, GAO reported. NCTA has claimed most of increases have resulted from rates held artificially low by regulation. Ritter asked how reregulation would solve problem if there was little difference in way prices acted. Cable rates actually should have fallen since deregulation, based on costs, said Richard Kessel, exec. dir. of N.Y. State Consumer Protection Board. As systems grow and add customers they enjoy economies of scale, he said, and virtually all wire-based utilities, such as telephones, are lowering rates rather than increasing them.

Other details in report: (1) Number of systems offering free additional TV hookups grew to 10.4% from 4%. (2) Remote control units were offered by 78% of systems, up from 61% in 1986, but only 3% included unit in price of basic service. (3) Set-top converters were available on 54% of systems, up from 49%. (4) Program guides were offered by 45%, up from 39%. (5) Biggest price increase for basic was in medium-sized systems (28.6%), with smallest at very small and very large systems (23%).

SONY VIDEODISC PLANS: Major expansion at Sony's Digital Audio Disc Corp. (DADC) plant in Terre Haute will pave way for start of videodisc production and increased CD output early next year. DADC said it will produce 100,000 videodiscs monthly and increase CD output to 10 million monthly from current 8 million when it adds 58,000 sq. ft. to existing 250,000 sq. ft. As reported here, Sony said earlier it would start videodisc output at DADC facility.

"We are committed to becoming a major supplier of 12-inch videodiscs," DADC Pres. James Frische said. "Demand for this format has mushroomed as the result of increased availability of attractive consumer hardware." DADC was first U.S. CD manufacturer, starting in 1984. It now employs more than 500 and claims to make 1/3 of all CDs sold in U.S. To date, it has made nearly 200 million CDs.

ABC-Pizza Hut joint promotion involving videocassette giveaways plugging new shows (TVD June 19 p18) has fallen through. It was announced prematurely, said Pizza Hut. "We thought we had a deal," said ABC.

Musicland will start test-marketing prerecorded 8mm cassettes in 19 of its 700 stores this month, Sony said. It's 2nd major chain to handle 8mm software, other being Tower Video, which sells them in its stores in 6 major cities.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 137 yen = \$1, except where noted.

U.S. FIRMS WIN OVERSEAS CABLE BIDS: Hong Kong cable franchise was awarded to consortium including U S West, and cable developer Larry Hudson won right to build cable system in New Zealand. Hong Kong franchise is said to be largest in world, passing 1.5 million potential households and includes right to set up data network to compete with telephone company. New Zealand system could pass 675,000 households.

Group that includes U S West beat out Hutchison Wampoa-led group that had long been considered near shoo-in. Winning consortium is led by Hong Kong property development group Wharf Holdings, which owns 28%; Hong Kong construction firm Sun Hung Kai Properties has 27%, U S West 25%, Asian film/TV production company Shaw Brothers and Belgian cable company Coditel 10% each.

Winners expect to spend more than \$500 million to build system. Work is to begin immediately, U S West said, with first service due in 1991. System is to include 32 channels, almost all of which will carry programs in Mandarin or Cantonese languages. U S West Exec. Vp Howard Doerr said backbone of system will be fiber optic, although coaxial cables will provide "last mile" to most customers. Victory may open additional international markets for U S West, Doerr said. Company already has interests in 6 U.K. cable franchises, including 500,000-household franchise in Birmingham, and 10% of French cable company Lyonnaise Communications.

New Zealand govt. assigned Hudson network operator status, which gives him statutory right to install cables along roadways and, in limited circumstances, on private land, Commerce Minister David Butcher and Bestg. Minister Jonathan Hunt said in joint statement. Hudson is 2nd to receive network operator status in New Zealand, but first for cable. National restrictions say Hudson can provide cable plant but must contract with companies that are 85% domestically owned to offer programming. Hudson told us it isn't clear whether franchise issued to his Telecable Holdings is exclusive, but he was only applicant. He said he expects to invest \$150 million before reaching break-even and probably will seek equity partners.

Hudson is long-time cable builder and operator in U.S. He said he has built more than 45 systems in Ill., Ia., Kan., Mo., Mexico and elsewhere since 1960, most of them since 1975 in partnership with TCI. TCI isn't partner yet in New Zealand project, Hudson said, but is among companies he expects to offer equity role. He said he can finance project himself if necessary. Hudson plans to start building in major cities by early next year and be on air by midyear. Plans include completing construction in all major cities by mid-1991 and all cities with minimum 10,000 population by 1993. New cable system will provide 12 channels of programming at outset, 2 of them pay, and 3 New Zealand broadcast channels, according to commitment Hudson made.

Viewers for Quality TV (VQT) said it will launch counterattack to plans of CLear-TV to boycott Mennen and Clorox products for sponsoring TV programs with allegedly too much sex and violence. VQT Dir. Dorothy Swanso said: "I believe [CLear-TV] represents a minority viewpoint... The majority wants the freedom to choose what's tasteful to themselves... There's a clear mandate from our group. If anything, I've been hearing from people who think we've been dragging our feet" in opposing boycott. VQT urged viewers to write encouraging letters to Mennen, Clorox, networks and program producers to show their support for "honest, adult, interesting, challenging quality series."

HOUSE ACTS ON TV VIOLENCE: House has added its voice to that of Senate, voting to grant TV, cable and program industries 3-year exemption from antitrust laws to allow them to seek voluntary guidelines to curb violence in programming. House vote was 399-18, but its version lacks provisions in bill Senate passed May 31 (TVD June 5 p4) that would allow industry to act jointly to curb explicit sex in programming and set guidelines on depiction of use of drugs. This means separate versions will go to House-Senate conference committee -- probably not until Congress returns after Labor Day from recess.

Under prodding of Sen. Simon (D-Ill.), Senate twice before has passed similar legislation but it always has stalled in House Judiciary Committee under its then Chmn. Rodino (D-N.J.) -- who retired at end of last Congress; new chmn. is Rep. Brooks (D-Tex.). Sen. Helms (D-N.C.) was prime sponsor of amendment against sexually related programming.

On House floor, Rep. Edwards (D-Cal.) insisted on roll-call vote, which delayed action by one day. Proceedings also were halted in July 31 debate when he successfully made point quorum wasn't present. "This [bill] is indirect censorship, pure and simple," Edwards said. He said marketplace should determine what is and isn't on air. Rep. Glickman (D-Kan.), sponsor of bill, argued that measure is necessary in age in which, "conservatively, children are exposed to 12,000 violent acts a year" on TV.

Rep. Berman (D-Cal.), former sponsor, said in debate that he had changed his mind: "I have concluded that [legislation] is a mistake... The notion that the wildings of New York, the crime rate of the District of Columbia... are a direct or even partial result of violent television is a dubious notion at best."

Under Sherman Antitrust Act, it's illegal for industry elements to get together to adopt voluntary guidelines. Same law was basis of Justice Dept. challenge that led to demise of NAB TV Code in 1982. NAB has taken no position on bill, but Assn. official said it isn't exactly "enthused," while INTV is in favor of antitrust exemption to establish voluntary guidelines. TV networks are opposed to proposal as unnecessary.

Three U.S. TV stations have gone off air and one has started, dropping our count of operating TV stations to 1,429 -- 1,080 commercial, 349 noncommercial. New station is noncommercial KHCE (Ch. 23) San Antonio, owned by Hispanic Community Educational TV Inc.; Helen Sanchez is vp-gen.mgr. Stations going off air: KXLT (Ch. 47) Rochester, Minn.; KXLI (Ch. 41) St. Cloud, Minn.; WCOM (Ch. 68) Mansfield, O. Both Minn. stations are owned by Halcomm Inc. Meanwhile, FCC reported that as of July 31, 1,415 U.S. TV stations were on air -- 1,074 commercial, 341 noncommercial. (Note: FCC figures always are slightly below those in our TV Action Update, which is compiled weekly, while Commission reports monthly). FCC also said 10,584 radio stations now are on air (4,965 AM, 4,222 commercial FM, 1,397 noncommercial FM), 1,771 FM translators, 2,155 UHF translators, 2,715 VHF translators, 397 UHF and 145 VHF low-power TV stations.

Galaxy Cablevision said it will explore possibility of selling some or all of its cable systems. Partnership had announced days earlier that it would consider variety of alternatives, including restructuring into corporation. Latest board action authorized officers to determine whether sale of systems serving 46,000 subscribers in 6 states would be beneficial to owners.

HSN ORDERED TO PAY \$100 MILLION: Fla. jury ordered Home Shopping Network (HSN) and its officers last week to pay \$100 million to GTE for slandering and libeling telephone company that HSN had said provided inadequate network equipment. At same time, jury set aside \$1.5 billion suit (\$500 million lost sales and \$1 billion punitive damages) that HSN had filed against GTE. HSN, which already is facing lower profits and increased competition from CVN and QVC shopping networks, immediately said it will appeal decision.

HSN would have to pay only \$20 million itself, according to decision in Pinellas County Circuit Court. HSN Chmn. Roy Speer and Pres. Lowell Paxson each was ordered to pay \$40 million to GTE. Trial lasted 7 weeks, and jury deliberated less than 5 hours before handing down decision on original HSN suit and GTE countersuit. Jury rejected argument that GTE provided inadequate telephone equipment, which HSN had contended caused cable shopping network to lose sales. GTE installed 3 OMNI automatic call distributors at HSN hq as result of 1985 order, but recommended in 1987 that HSN upgrade to Rockwell switches to handle call growth, spokeswoman said. GTE had submitted as evidence Fla. Public Service Commission ruling that GTE had provided adequate telephone service.

HSN claimed it had lost \$500 million in potential sales because GTE didn't provide adequate equipment to handle volume of orders in 1986 and 1987. However, GTE attorney Roy Reardon cited Dec. 2, 1986, letter from HSN officials saying GTE had been "responsive to all our previous needs" and expected to continue "this highly successful relationship." GTE blamed HSN's problems on mismanagement, according to its countering libel suit. HSN Exec. Vp-Gen. Counsel Nando DiFilippo called PSC order "unprecedented and grossly prejudicial" and said it was improper, irrelevant and misleading to 6-person jury. Appeal also is expected to say court shouldn't have allowed GTE counterclaim to be presented to jury.

HSN is coming off first down quarter since it went public in 1986. It said it lost \$5.9 million in quarter, largely because of 60% jump in administrative costs, including legal fees of GTE suit. However, analysts also attributed problems to HSN's efforts to attract more upscale audience to compete better with CVN and QVC, which recently announced plans to merge.

Advanced TV Test Center issued request for proposals for research on consumer reaction to "letterbox" feature of several proposed HDTV systems. Letterbox allows wide-aspect ratio programming to be shown on standard NTSC receiver, although set of dark bars would frame picture. Letterbox is designed to allow systems to meet FCC requirement that any advanced TV system be compatible with existing NTSC receivers. Test Center wants to know whether consumers object to concept. Proposals are due Sept. 8, winner will be announced Oct. 18, research results are due Dec. 29.

Viacom and Hubbard Bcstg. plan first 24-hour satellite-delivered news service for home satellite TV market and local broadcasters. Joint venture will market service to stations, and Showtime Satellite Networks will sell it to home satellite dish owners, Hubbard-managed Conus said. Conus will produce 24-hour service at its facilities in Minneapolis. News channel will provide continual newscasts running in cycle every 30 min., company said.

FCC GRANTS DBS APPLICATIONS: FCC disposed of direct broadcast satellite (DBS) applications last week by partly granting some and partly approving modifications of construction permits for authorized systems. Commission delayed action on DBS application by Tempo Satellite, citing antitrust judgment against its parent company, TCI. Mass Media Bureau Chief Alex Felker sent letter to TCI requiring it to provide additional information on cable franchise renewal in Jefferson City, Mo., within 30 days.

Commission granted in part applications of: (1) Continental Satellite Corp., Directsat Corp., Direct Broadcast Satellite Corp. and EchoStar Satellite Corp. to provide service from 2 or more satellites delivering 11 channels each to half of continental U.S. (half-Conus), or from one or more delivering 11 channels to entire continental U.S. (full-Conus). (2) Advanced Communications Corp. and Hughes Communications Galaxy to deliver 11 additional half-Conus channels or 11 more for full-Conus. It also approved U.S. Satellite Bestg. application to provide service from 2 satellites, each to deliver 8 channels for half-Conus.

Felker letter to Tempo said there is "serious question" whether Tempo meets character qualifications to be DBS licensee, citing Jefferson City case that resulted in TCI's paying damages for violating federal antitrust laws. Felker questioned: (1) Role of Paul Alden in renewal proceeding, whether he was fired or left TCI voluntarily, and who was involved in supervising him. (2) Oversight role of John Sparkman, currently TCI exec. vp-chief operating officer. (3) TCI announcements that cable service would be terminated in city unless franchise was renewed and that TCI would flood market with satellite dishes. Felker previously had raised many of same issues in letter to Tempo Acquisition, but issue became moot when Tempo's broadcast stations were transferred to other entities.

FCC has issued long-awaited report on compulsory license, along with partial dissent by Comr. Quello. Comr. Dennis, who had held up report since Oct. because of concerns that FCC might be overstepping its bounds (TVD June 5 p4), will issue separate statement later. Report recommends Congress eliminate compulsory license for both distant and local signals and replace it with full copyright liability, which would require cable systems to buy programming from source rather than pay set fee to Copyright Royalty Tribunal. Current environment means "the cable industry is enjoying a free ride at broadcasters' expense," Quello said, although stations have shown little enthusiasm for copyright plan. Chmn. Patrick said change would further overall Commission policy of relying on competition to promote public interest. He said compulsory license weakens incentives for program producers to meet needs of audiences and "introduces a significant bias into the program distribution system, disadvantaging competitive alternatives to cable." Patrick indicated eliminating compulsory license could be attractive to legislators who see cable as monopoly because it's "significant impediment to full and fair competition." Report said primary reasons for imposing compulsory license in 1976 were fears that cost of negotiating licenses for retransmitting each program would be too high and concerns that broadcasters might refuse to provide programming to cable. Negotiation costs would be held down by formation of cable networks that would buy program rights, report said, and there's no longer significant fear that programming will be withheld. "Logic and evidence suggest that the compulsory license rates paid by cable systems... are below market prices," FCC said. It suggested Congress set transition period of at least 12-18 months for move to full copyright liability.

INOUE PLEDGES ACTION ON LOWEST RATE: At close of Senate Communications Subcommittee hearing Aug. 2 on 3 bills to require broadcasters and cable systems to make political spots nonpreemptible under lowest unit rate, Chmn. Inouye (D-Hawaii) promised full Commerce Committee will move quickly on proposals. "I do not usually conduct hearings on bills that have no chance of passage," he said, adding that Committee markup can be expected in Sept. or Oct. Proponents of bills cited many campaign "horror stories" against broadcasters in hearing, as did Inouye in reading excerpts of letters from unnamed senators.

Probable success of political broadcasting reform in Senate is borne out by fact one of bills (S-1009) is joint effort of Inouye, Commerce Committee Chmn. Hollings (D-S.C.) and ranking minority member Danforth (R-Mo.). Other 2 bills were introduced by Sen. McConnell (R-Ky.), with S-743 applying only to candidates for federal office and S-744 extending lowest unit rate to candidates for state and local offices.

Essentially, bills would extend lowest unit rate to nonpreemptible spots (currently, candidates must pay more for guarantees that spots will run). McConnell and Danforth did most of questioning, with former calling issue nonpartisan. Witness panel consisted of 2 political consultants, Catherine Farrell, Farrell Media Inc., and Jan Crawford, Jan Crawford & Assoc., along with Leavitt Pope, pres. of WPIX Inc. N.Y. and NAB TV board member.

"Obviously, we [broadcasters] aren't enthralled by this bill," Pope said. "We believe the current system works by already giving candidates lowest unit rates and by existing laws against discrimination by stations against candidates." He said NAB doesn't believe proposals will achieve desired goal of cutting campaign spending, "and in fact may create other unintended problems." He said broadcast advertising is only one component of campaign expenses, and "real reasons" costs have increased are "many and varied" -- citing travel, phone, direct mail, polling, political consultants.

However, Pope said, despite "our misgivings we sense that Congress is intent upon enacting some kind of new lowest unit rate legislation." That being case, he asked Subcommittee to make several changes in pending bills: (1) Any legislation should apply only to candidates for federal office. (2) "Window" for lowest unit rate should be reduced from 60 days before general elections and 45 days before primaries, to 45 and 30 days, respectively. (3) All political spots should be preemptible until paid for. (4) Bonus spots, make-goods and run-of-schedule buys shouldn't be considered when calculating lowest unit rate. (5) Station shouldn't be sanctioned if spot is bought within program that itself is preempted later, such as for sports overruns or news events. (6) Candidates themselves should be required to appear in at least 50% of their spots to qualify for lowest unit rate.

Any effort by Congress to regulate pricing of spots is welcome, Farrell said. This is so, she said, because campaign plan "cannot be executed if we elect to purchase preemptible time, and costs skyrocket if we place fixed time. We will support any legislation which would enable a candidate to purchase a fair amount of time at a fair price." In also supporting legislation, Crawford said any law enacted should be "succinct and clear, leaving no room for interpretation by various parties." She said, "we have to ensure that our candidates are on the air... and to do that we must buy fixed rates" at costs up to 3-1/2 times more than preemptible spots. Both consultants complained that they have been unsuccessful in obtaining from stations their true

lowest unit rate -- getting only rate charged candidates. "Stations know their lowest unit rate, but they don't tell us," Farrell said.

Danforth said present political broadcast system "is a legal quagmire... so difficult to understand that it keeps teams of lawyers busy for months." He disputed Pope's contention that present system is working, agreed with him that overwhelming majority of broadcasters are fair but said "the opportunity for abuse is there."

No senator endorsed proposal to expand provisions to state and local candidates (and NAB would fight that hard), but McConnell said requiring nonpreemptible lowest unit rate would provide significant relief for candidates and not tilt playing field in favor of anybody. He said horror stories related by consultants "do exist and I don't think it's an occasional thing" for stations. He complained that cost of campaigning has gone up far faster than rate of inflation and said that his proposal wouldn't have adverse impact on broadcasters because political spots account for only 3/4 of 1% of industry's revenue. (McConnell isn't member of Subcommittee but was permitted to ask questions through senatorial courtesy.) Inouye was only Democratic senator at hearing; 6 Republicans were in and out, but only Danforth stayed from start to end.

No legislation currently is pending in House comparable with Senate bills, although there has been much discussion by Rep. Swift (D-Wash.) and others of need for changes in political broadcast system.

PROCESS ABUSE PROBES EXTENDED: FCC has referred abuse-of-process probe involving Barnard Boozar of N.Y. to Justice Dept. for investigation and possible prosecution. It also launched own investigation of possible abuses by Sunrise Management Services (SMS), firm represented by Washington attorney Thomas Root when it filed for FM licenses in more than 160 markets (TVD July 24 p6). Root was injured recently in highly publicized incident in which his private plane crashed into Atlantic.

In letter to DoJ, Chmn. Patrick said it appears there's sufficient evidence that Boozar violated FCC rules, and activities may violate Criminal Code. He said year-long FCC investigation (TVD July 25/88 p7) indicates Boozar filed more than 100 applications for broadcast licenses involving fictitious names and forged signatures. Applications involved at least 73 cities, with at least 4 mutually exclusive applications in one market. FCC submitted report on its investigation to Justice's Criminal Div.

FCC law judge will oversee agency investigation into SMS practices, Commission said in public notice. It said information it has gathered "raised serious questions" whether SMS engaged in "pattern of conduct that constitutes an abuse of the Commission's processes." All applications will be considered jointly, FCC said, and Mass Media Bureau will develop record on all SMS applications that have been dismissed. Final report also could be sent to DoJ, FCC said.

La Cinq, French commercial TV channel, has been fined \$9.8 million by Conseil d'Etat, France's supreme court, for failing to comply with nation's minimum domestic program content requirements. French TV networks are required to provide minimum 50% domestic programming. Smaller fine was meted out to M6, rival commercial channel. Fines were seen as shoring up French govt.'s efforts to win stiff Europe-wide content restrictions as part of European Community's economic unification plans.

Personals

Rod Perth, vp-station mgr., WBBM-TV Chicago, joins CBS Entertainment as vp-late night programs... Harvey Spiegel, senior vp-research and marketing, resigns from TvB Sept. 30, after 33 years with Assn., to form independent consultancy; TvB has signed as his first client... Jane Mago promoted to asst. gen. counsel-trial and enforcement, FCC, succeeding Nancy Stanley, who joins U.S. Appeals Court, D.C., as supervisor of Court mediation program... Oscar and Emmy winner Karl Malden elected 27th ATAS pres.

Marla Schultz, ex-Financial News Network, joins Medialink as sales mgr... David Auger, vp-mktg., recently sold Cooke Cablevision, named publisher, Cooke's L.A. Daily News... Philip Press moves from vp-gen. mgr.-national spot sales, CBS TV Stations, to vp-gen. mgr.-sales and mktg... Jon Scott advanced to pres., ATC Reading, Pa., Div.

John Lane, ex-CBS and NBC News, joins Exec. TV Workshop as assoc... Morton Hamburg, ex-pres. of recently sold JAG Communications, joins N.Y. law firm Proskauer Rose Goetz & Mendelsohn as special counsel-communications and corporate law... James Banks promoted to vp-operations, Spectradyn... Reuben Gant advanced to vp-corporate accounts, United Video, new post... Promotions at Seltel: Michael Rix to national sales mgr., Al Ferrara to sales mgr., Rockets team.

Mary Beth Hess advances to chief, FCC Common Carrier Bureau's Enforcement Div. Scott Davis promoted to senior vp-operations, Viacom Networks. Av Westin, ex-ABC News executive, joins King World Productions as senior vp, reality-based programming... Donald McClellan, special asst. to FCC Mass Media Bureau's Policy & Rules Div., joins staff of Sen. Burns (R-Mont.) Aug. 14 as legislative asst... William Hoagland, dir.-mktg. and programming, United Cable of L.A., elected chmn., Southern Cal. Cable TV Mktg. Council, succeeding Deborah Nicholson, Choice TV... Richard Barton named acting federal dir., Federation of Australian Commercial TV Stations, succeeding David Morgan, retired... Brian Teske, ex-Cable Value Network, appointed sales mgr.-central region, Nostalgia Channel... Ramon Rodriguez appointed dir., U.S. Catholic Conference's Catholic Communication Campaign, succeeding Miriam Whiting.

David Persson, ex-publisher, Advertising Age, joins ACT III Publishing as senior vp-Media and TV Groups; Lawrence Oliver moves from assoc. publisher, Advertising Age, to publisher, ACT III's Mktg. & Media Decisions magazine, succeeding David Bentley, resigning... Leon Brown promoted to vp-TV engineering, Great American Bestg... Richard Bodorff joins Washington law firm Wiley, Rein & Fielding as partner, Jonathan Emord as assoc.; both formerly were with Fisher, Wayland, Cooper & Leader.

Peter Brickman, ex-vp, Hearst/ABC-Viacom Entertainment Services, joins Reiss Media Enterprises as vp-production, operations and engineering... Robert Henry, dir.-special news projects, LIN Bestg., named news dir., Disney's KHJ-TV L.A., succeeding Stephanie Rank, resigned; station plans 3-hour prime-time newscast starting in Jan... Changes at Showtime Networks: Susan Ginsberg, ex-Murdoch Magazines, joins as dir.-direct mktg.; Cathryn Green promoted to dir.-mkt. planning and support... Additions at Best. Technology Partners, developers of FMX stereo broadcast system: Takeo Sawatari, ex-principal physicist, Bendix, as dir.-research; Louis Raymo, ex-ABC Radio, as dir.-best. industry relations; Katherine Mullen, recent Northwood Institute grad, as asst. to dir.-mktg...

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Marsha Hahn, ex-controller, N.Y.'s Guggenheim Museum, joins WNYC-TV-AM-FM there as chief financial officer.

FCC Aug. 4 granted Great American Bestg. request for permanent waiver of one-to-a-market rule, which prohibits licensee from owning TV and radio stations in same market. Vote was 2-1, with Comr. Dennis dissenting, as she has in similar cases. Waiver was sought as result of Great American's acquisition of Taft Bestg. in Oct. 1987. Cap/Cities already has received waiver in its purchase of ABC. Meanwhile, Commission granted waiver of duopoly rule to permit Weigel Bestg. to modify directional antenna for WDJT-TV Milwaukee to aim signal more toward Chicago. That would cause Grade B overlap with Weigel's WCIU-TV Chicago -- prohibited under duopoly rule. However, FCC said Milwaukee and Chicago are distinct markets and there's "a multiplicity of diverse signals available to the viewers in the overlap area."

OBITUARY

John H. Tiedemann, 55, senior vp-gen. sales mgr., ABC TV Network, died of heart attack last week following surgery in S. Nassau Community Hospital, L.I. He joined ABC Research Dept. in 1959, serving in variety of positions before moving to sales in 1963. As senior vp, he was responsible for all prime-time programming sales. Wife, son, daughter survive.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	JULY 15-21	1988 WEEK	% CHANGE	JULY 8-14	29 WEEKS 1989	29 WEEKS 1988	% CHANGE
TOTAL COLOR.....	324,367	319,490	+ 1.5	290,427	11,092,117	9,772,868	+13.5
DIRECT-VIEW...	321,690	315,915	+ 1.8	287,161	10,991,943	9,647,035	+13.9
PROJECTION....	2,677	3,575	-25.1	3,266	100,174	125,833	-20.4
TOTAL VCR.....	168,623	193,286	-12.8	120,572	5,158,475	5,579,455	- 7.5
DECKS.....	131,734	156,590	-15.9	96,732	4,205,559	4,736,327	-11.2
CAMCORDERS....	36,889*	36,696	+ 0.5	23,840	952,916	843,128	+13.0

Color TV 5-week moving average: 1989--394,533*; 1988--355,861 (up 10.9%).

VCR deck 5-week moving average: 1989--145,924; 1988--165,474 (down 11.8%).

Camcorder 5-week moving average: 1989--39,347*; 1988--37,159 (up 5.9%).

* Record for period.

IDTV ACCEPTED BY CONSUMERS--PHILIPS: Consumers don't seem to agree with broadcasters, who say improved-definition TV (IDTV) sets may cause distortion under some conditions (TVD July 24 p9), according to Philips. While conceding that IDTV is "new product, and we're learning through field experience," Philips Consumer Electronics Technology Vp Peter Bingham said sales are "ahead of our ability to manufacture."

"We're not in high-volume production, but we are making commercial quantities," Bingham said. Philips now has 5 models in 2 screen sizes, probably has built more IDTV sets than any other manufacturer. Bingham pointed out that Philips sets, like some others, have switchable, variable noise reduction function that in effect is tradeoff -- "with noise reduction, we can see some smear" in motion scenes; "turn off the noise reduction and get no degradation" of motion. "Most people like what they see -- as far as the end use is concerned, everybody has some kind of tradeoff."

"We don't think it's a major problem," Bingham said, referring to NAB complaints about IDTV sets -- but "I think we have some work to do among the broadcasters to match our products to requirements." He noted that first comb filter sets revealed that some broadcasters' news cameras were putting vertical stripes in pictures at 3 MHz, never before seen on consumer TV sets because of their low resolution. "We'd be very happy to work with broadcasters to get a better matchup" between broadcast and receiver -- "and this applies even to standard TV sets." While consumers have readily accepted current IDTV sets, Bingham said, "our next generation will be even better."

Bingham's comments reflected those of other IDTV set makers in willingness to meet with broadcasters and solve any problems -- as expressed previously by representatives of NEC, Panasonic, Sony (TVD July 31 p13). Other remaining IDTV set maker, Toshiba, said it didn't have any specific comment last week.

NEW OPPOSITION TO MASSIVE HDTV PUSH: Bush Administration has rejected recommendations to make HDTV a top priority, despite strong endorsement by Commerce Secy. Robert Mosbacher, according to informed sources. While both military and civilian funds for HDTV are almost certain to be voted when Congress returns in Sept., debate on Capitol Hill last week was focused for first time on exactly how important massive infusion of funds to develop HDTV really is to American industrial competitiveness.

Both Senate and House voted specifically to earmark increase in funds for HDTV research by Defense Advanced Research Projects Agency (DARPA) in military bills passed last week. While House voted additional \$50 million, Senate set aside only \$20 million increase for next fiscal year. Differences will be

ironed out in conference committee next month. DARPA is in process of making grants for at least \$30 million for display and processor R&D.

On civilian side, Commerce Dept. plan for HDTV, originally scheduled to be presented to Congress last month, then postponed until Sept., now isn't due until later, Senate Govt. Affairs Committee was told last week, amid reports that HDTV initiative ran into all kinds of trouble with key Administration officials, including those at Office of Management & Budget, Council of Economic Advisers, Treasury, White House staff. Now, according to unnamed official quoted in Wall St. Journal, "any proposal must be generic, across-the-board and good for all business, and not directed toward HDTV."

Congressional Budget Office (CBO) report on HDTV ignited new round of debate on govt. role, just as Congress was trying to decide on level of federal funding for HDTV in next fiscal year. CBO was first major group to say HDTV probably wouldn't have critical role in encouraging U.S. competitiveness, undermining key argument of supporters of heavy federal funding (TVD July 31 p12). Report prompted damage control effort by American Electronics Assn. (AEA) and House HDTV Caucus, which sponsored briefing to dispute report. Senate Govt. Affairs Committee later released report itself and held hearing on same issues.

CBO said HDTV would be such small portion of total electronics market that it would have little effect on overall U.S. competitiveness. Report defined HDTV only as consumer TV, which opponents called critical flaw. CBO Dir. Robert Reischauer told Committee it's "implausible" to think HDTV would have any more effect on competitiveness of U.S. electronics industry than growth of present TV market.

Calling CBO report "most dangerous form of nonsense," Reps. Levine (D-Cal.) and Ritter (R-Pa.) said in joint statement that it showed "shocking ignorance about the dynamics of growth in the electronics industry." AEA Vp Pat Hubbard said CBO ignored new "universe" of information and didn't consider economic impact of intermediate steps toward HDTV, including improved-definition TV and extended-definition TV. AEA and congressional officials said after briefing and hearing it's unclear how much damage report did to HDTV funding support.

DARPA Dir. Craig Fields said CBO was pushing "unique position" because it's one of few groups to question importance of HDTV. He cited long list of reports, including classified one by CIA, that said HDTV is critical to U.S. future. Senate Govt. Affairs Committee Chmn. Glenn (D-O.) asked whether there were cheaper alternatives to solve same problems; Fields replied there probably weren't.

There was some support for report, and for additional analysis before committing more funding to HDTV. Rep. Rohrabacher (R-Cal.) repeatedly questioned HDTV Caucus members on final cost of HDTV development. Hubbard said \$100 million per year for 3 years for DARPA HDTV development is essential, but Ritter said "\$300 million only gets you to first base."

CBO report is "valuable contribution" to HDTV debate, EIA Pres. Peter McCloskey told Senate Committee: "It takes some of the emotion out of the process." He attacked some basic assumptions of those supporting federal role, saying CRT, rather than flat-panel display, is likely to be screen medium for HDTV in immediate future. HDTV supporters have said flat displays will use many more semiconductors, spurring that industry. McCloskey said flat displays have been "just 5 years away" almost since he entered industry 30 years ago. Even if they were used, he said, they could utilize LCD technology that requires relatively fewer semiconductors. McCloskey also raised doubts on assumed connection between consumer HDTV and high-resolution displays for uses such as work stations. He said high-resolution work stations would be expensive, inadequate for consumer use in some ways such as brightness and screen size, and overkill in other ways.

Glenn said he believes govt. must play role in HDTV development. But at hearing he asked whether consumer HDTV market would be large enough to justify federal funding: "If the consumer market doesn't develop, are we just pouring money down rat hole?" Fields said it's "extraordinarily unlikely" that consumer market won't develop, but even if consumers don't want HDTV, money will help develop high-resolution displays for work stations and other uses. Glenn favors civilian version of DARPA, is expected to introduce legislation after Labor Day.

U.S. has opportunity to leapfrog Japanese on HDTV, said Richard Solomon of MIT Media Lab. He said original Media Lab consumer studies of HDTV often have been misinterpreted to indicate there's no market for HDTV. He said study simply showed HDTV technology hadn't progressed enough to interest consumers, situation that "hasn't changed much." Consumer resistance to NHK-designed receivers used in test simply means that U.S. has opportunity to interest public in larger, brighter, higher definition displays, he said.

Meanwhile, Senate Commerce Committee approved \$30 million funding for HDTV activities at National Institute of Standards & Technology (NIST) for federal grants for civilian development projects (TVD July 31 p12). Communications Subcommittee Chmn. Inouye (D-Hawaii) said hearings would be held on antitrust exemptions for collaborative efforts on HDTV, giving tentative date of Sept. 15. In separate action, House Science Research Subcommittee approved amendment by Rep. Ritter (R-Pa.) to give NIST \$100 million annually for 3 years for HDTV and advanced technology development. Amendment directs NIST to use funds to create public-private consortia for HDTV development and allows spending as much as \$10 million per year to support HDTV standards development.

JAPAN VIDEO EXPORTS IN FIRST-HALF REVIVAL: Color TV exports from Japan to U.S. jumped 52.8% in first half of 1989 from same 1988 period, Finance Ministry figures showed. Shipments were up from preceding year in all 6 months of half, following nearly 3 years of steady declines. VCR deck shipments also increased in first 6 months -- 16.2%. But Japanese manufacturers reduced number of camcorders sent to U.S., presumably in effort to ease oversupply.

Total color TV shipments here increased 35.7% to 130,741 in Jan.-June, with complete color sets up 52.8% to 124,506, color chassis and kits down 58.1% to 6,235. Decline of 2.8% in value of complete color set shipments indicated steep price declines. B&w TV exports dropped 73.5% to 775 in half. In June, total color exports to U.S. jumped 128% to 22,015, complete sets were up 178.5% to 19,676 and color chassis and kits were down 9.7% to 2,339. Monochrome TV exports to U.S. were negligible in June.

VCR deck exports to U.S. also underwent revival in first half, rising 15.4% to 4,958,978 -- more than million higher than sales to dealers here in same period. Every month except Feb. had increase over year-earlier figure. In June, deck shipments rose 16.2% to 906,789, year's 2nd highest monthly total following 1,048,812 in March.

While exports were increasing, average price of Japanese VCR deck also was on rise in June -- up to \$231.15, based on average 144 yen-to-dollar ratio in effect that month. That's increase from \$228.31 in May, but down from \$250.32 in June 1988, when yen was 127 to dollar.

Camcorder shipments to U.S. from Japan declined 2.9% to 1,149,573 in half, despite 16.6% increase in sales to dealers during period (TVD July 17 p11). June camcorder shipments were down 13.6% to 206,320, but total was up from 204,735 in May. Finance Ministry figures indicated that average camcorder price in June was \$597.11, up from \$564.40 in May but down significantly from \$687.77 in June 1988.

Compact Disc player exports from Japan rose 8.1% to 1,811,688 in Jan.-June and 13.6% to 369,723 in month.

Japan delivered 333,861 VCR decks to Canada during first half, up 3.8% from same period 1988. June deck shipments to Canada totaled 79,252, up 10.2%. Canada received 56,688 camcorders in full period, down 29.2%, and 9,062 in June, down 22.7%. Complete color TVs to Canada in half totaled 8,979, up 70.1%. In June, Japan shipped 294 color sets to Canada.

VIDEOTAPE UNIT SALES UP, DOLLARS DOWN: Total sales of videocassettes rebounded slightly in 1988 -- following first-ever year-to-year decline in 1987 (TVD June 20/88 p14) -- despite continuing decrease in Beta tape sales. International Tape/Disc Assn. (ITA) figures showed that sales of blank 1/2" cassettes in U.S. rose 2.3% to 345.6 million in 1988. Continuing price erosion in videotape drove factory dollar value of shipments down 9.7% to \$1.06 billion, but 1988 was 4th straight year that sales exceeded \$1 billion at factory level.

Beta tape sales plunged 29.3% to 16.3 million, 3rd straight yearly decline and lowest total since 1982, and dollar value dropped 38.2% to \$46.5 million, lowest dollar level since ITA began tracking tape sales in 1980. VHS cassette shipments rose for 8th consecutive year, up 4.6% to 329.2 million, but factory dollar value decreased for 2nd year in row, down 7.8% to \$1.01 billion. Beta accounted for 4.4% of total videocassette sales, down from 6.4% in 1987, 9.9% in 1986, 15.8% in 1985, 27.4% in 1980.

Audio tape sales increased for 6th straight year, up 2.3% to 396.6 million as value rose 1.7% to \$369.6 million. Total market value of video and audio cassettes was \$1.42 billion, down 7.2% from \$1.53 billion in 1987.

Videocassette pricing trend of recent years continued, with average level down, according to figures. Indicated average factory selling price of VHS tape dropped 12.1% to \$3.06 from \$3.48 in 1987, and average Beta tape 12.6% to \$2.84 from \$3.25. Since 1980, when average VHS tape cost \$13.08, price has plunged 76.6% and Beta price 72.6%, from \$10.37. Average audio tape price fell 6.4% to 93¢.

Videotape pancake sales jumped 33.9% to 115.2 million, measured in terms of tape lengths equivalent to T-120 cassettes. Value rose 19.5% to \$168 million. If pancakes were included in total, videotape sales in 1988 rose 8.7% to 460.8 million, but value fell 6.6% to \$1.22 billion.

Here are ITA's figures for 1988 videocassette sales, with 1987 results for comparison. Figures for both video and audiocassettes (lower table) cover U.S. sales of blank cassettes to consumer, industrial and bulk markets, including duplicators, for reporting ITA members plus estimates for all other companies (1/2" only, 8mm not included).

ITA VIDEOTAPE FACTORY SALES ESTIMATES (add 000)

	Units		%	Value		%
	1988	1987	Change	1988	1987	Change
VHS.....	329,245	314,785	+ 4.6	\$1,008,634	\$1,093,909	- 7.8
Beta.....	16,348	23,124	-29.3	46,461	75,135	-38.2
TOTAL CASSETTE..	345,593	337,909	+ 2.3	1,055,095	1,169,044	- 9.7
Pancake.....	115,237	86,048	+33.9	168,010	140,641	+19.5
TOTAL 1/2".....	460,830	423,957	+ 8.7	1,223,105	1,309,685	- 6.6

Here are ITA's historical figures on video and audio cassette factory sales from 1980 through 1988:

VIDEO AND AUDIO TAPE SALES ESTIMATES 1980-1988 (add 000)

VIDEO						AUDIO	
VHS		Beta		Pancake			
Value	Units	Value	Units	Value	Units	Value	Units
1980 \$ 168,601	12,892	\$ 63,699	6,142	--	--	\$253,066	225,801
1981 260,400	20,469	81,003	7,885	--	--	289,321	238,802
1982 310,043	27,429	102,299	11,201	--	--	258,855	223,730
1983 500,341	65,857	151,490	21,156	--	--	273,976	239,960
1984 714,405	122,012	199,281	35,931	--	--	268,287	243,061
1985 1,013,094	231,353	189,574	42,982	--	--	286,865	295,313
1986 1,250,095	312,785	137,267	34,171	\$ 69,058	39,033	336,179	368,488
1987 1,093,909	314,785	75,135	23,124	140,641	86,048	363,336	387,518
1988 1,008,634	329,245	46,461	16,348	168,010	115,237	369,550	396,587

NAB is abolishing its 6-person (currently one vacancy) regional managers' operation, which cost Assn. \$500,000 annually. Their job -- each was assigned area to cover -- was to drive around their regions, seeking new members and mollifying existing ones. Field operation will be replaced by telemarketing program from Washington (with half-dozen persons on telephones), along with increased NAB presence at state association meetings. NAB Exec. Vp John Abel said "broadcasters calling broadcasters" is most effective way of acquiring new members. He said regional posts were abolished partly for financial considerations (although new telephone operation will consume much of money saved) and partly because of changing ways of doing business. Regional mgrs. who have been give notice, effective Sept. 29: Dan Edwards, Gary Girard, Tom Hayden, William Mitchell, Vincent Turner.

U.S. Appeals Court, Chicago, refused to overturn \$60,750 fine imposed on TCI affiliate Chicago Cable TV (CCTV) by Chicago Cable Commission for failing to meet local origination provisions of franchise agreement. CCTV appealed Commission decision to U.S. Dist. Court, then Appeals Court, claiming that: (1) Fine violated due process because agency didn't give CCTV adequate notice. (2) It was denied equal treatment because Group W cable systems weren't fined. (3) Fine violated First Amendment rights. CCTV had claimed local origination provisions were new interpretation of requirements, but court said they weren't, so CCTV had adequate notice. It also said that Group W didn't commit same violation so treatment wasn't unequal and that requirement that CCTV produce 4.5 hours of local origination programming per week doesn't violate First Amendment.

'BEST WE COULD GET'--RIAA: Mounting evidence shows that record industry was up against wall in negotiations with hardware manufacturers on digital audio tape (DAT) recorders. As early as July 3 we reported that software negotiators at June 9 Athens meeting were faced with ultimatum -- "hardware manufacturers have gone as far as they're going to go, made all the concessions they're going to make," sweeping aside proposals for copyright royalties on blank tape and recorders (TVD July 3 p8).

Pres. Jay Berman of Record Industry Assn. of America (RIAA) acknowledged to our companion Audio Week newsletter last week that agreement has come in for harsh criticism from music publishers and copyright holders, who complained that "we didn't hold out strongly enough for royalties."

Said Berman: "I made a decision that gave us the best prospects for an understanding with the hardware community. And unfortunately, to put it mildly, the record of Congress has not been very favorable to the RIAA's position on royalties." Adding further urgency to need for RIAA to strike deal, Berman said, were "certain assumptions I made" that at least one Japanese company soon would defy RIAA's threat to sue first manufacturer to import DAT. He added: "While I'm confident we could have prevailed in the courts, such a battle would have been a long and costly one."

Berman's assumptions presumably were quite realistic, since it was indicated at Athens that there would be no more meetings and that all participants subsequently would be on their own. However, hardware manufacturers sweetened package with implied promise not to go ahead with sale of recordable and erasable Compact Disc systems (CD-R and CD-E) without meeting with software industry.

Formal announcement of agreement July 28 (TVD July 31 p10), although expected, caught both hardware and software industries with their plans down. Despite such glowing statements in consumer press as Time's report that recorders "along with DAT tapes of everyone from Mozart to Madonna" could start appearing in U.S. stores this year, initial reaction of record companies was that they have no plans to release software any time soon, if ever.

Hardware companies, at least those in U.S., still were completely in dark week after agreement, with no word yet from Japan, where 2-year-old DAT market has been dismal one marked by high prices and lack of software. Although agreement calls for all parties to push for legislation or administrative action in U.S., Japan and Europe, both sides were clear in saying that DAT recorders that meet specifications of Serial Copy Management System (SCMS) could go on sale before any legislation is passed. While not completely lifting its threat to sue any company selling recorders here, RIAA says it will be "too busy" pushing legislation to file suits. EIA says nothing in agreement precludes sale immediately of complying recorders and, in fact, only agreement made was to push for legislation.

Industry generally agrees, however, that it will be at least spring before SCMS chips are available in any quantity. Even then, manufacturers are expected to dip their toes into DAT waters in very gingerly manner, closely eyeing software makers, competitors and public for future direction.

Three important dates stand out as possible next landmarks in DAT saga: (1) Aug. 25-Sept. 3, International Funkausstellung (Audio-Video Fair) in Berlin, when European manufacturers will be expected to outline plans, even if they

can't show prototypes. (2) Oct. 3-8, All-Japan Audio Fair, Tokyo, when Japanese should show mockups and perhaps outline market strategy. (3) Jan. 6-9, Winter CES, Las Vegas, when U.S. plans should be reasonably well advanced and prototypes should appear.

SONY TO MAKE 8mm IN BRAZIL: Sony will produce 8mm camcorders in Brazil, starting around end of year. Company said it will make midline Model F300 at its audio manufacturing subsidiary Sony da Amazonia, incorporating new circuit that can be used in camcorders for either PAL-M system of Brazil or NTSC of neighboring countries.

Special production lines will be installed in fall. Heads and drums will be imported from Japan. Plans call for monthly output of 200-300 units at start, to be enlarged according to demand. Company has no current plans to export camcorders from Brazil. Other VCR manufacturers are planning to make VHS recorders there, presumably in Manaus area, where most Brazilian electronics manufacturers are located.

Other overseas moves recently announced by Sony: (1) Expansion of plant in Wales to produce 700,000 color sets monthly up from current 500,000, with completion due in April 1990. (2) Conversion of its Taiwan VCR factory to technology base to train employees of its new Malaysia VHS plant (TVD July 10 p11). Increasing appreciation of new Taiwan dollar is reducing Taiwan's attraction as production site. Sony Video Taiwan now makes 40,000 Beta VCRs monthly.

Sony plans new magnetic tape factory in Europe and is pondering semiconductor plant as well, Financial Times said. Paper quoted Sony European Chmn. Jack Schmuckli as saying company expects its European electronics sales to exceed \$3 million in fiscal year ending March 31, plans to spend \$100 million annually in coming years on European expansion. Schmuckli said Sony will pick site soon for its first coating factory in EC territory. It now operates 3 loading facilities in Europe, but imports tape from Japan.

Financial Notes: Emerson consolidated net income rose 167.1% in first quarter to June 30 on 35.4% higher sales. Company said it remains "cautiously optimistic" on future... Wells-Gardner posted loss in 2nd quarter on 6% lower sales. In first half, net plunged 67.1%, on 21% higher sales. Company said "modest" operating loss in 2nd quarter was caused by sharp increase in picture tube prices brought on by worldwide shortages... Sears, reporting 2nd quarter net rose 21% on 9.2% higher sales, said Merchandise Group profit increased 2.5% to \$161.6 million... Best Buy posted wider loss in first quarter ended June 30 as sales declined 4.1%... Bush Industries said 2nd quarter net earnings rose 47% on 27% increase in sales.

New members of EIA Consumer Electronics Group: Instant Replay, Miami, producer of multistandard VCRs, joins Video Div.; Hemisphere Enterprises, Indianapolis, audio equipment reseller, to Audio Div.; Pacific Power, Portland, Ore. (home security systems) and Intellon Corp., Ocala, Fla. (communications R&D), to Home Automation Subdiv.; POSSO Corp., Kerrville, Tex., modular media software units, to Accessories Div.

Color TV sets cost twice as much in Tokyo as N.Y., Japan's Economic Planning Agency found in cost-of-living survey it conducted last year, Japan Economic Journal said.

SEARS, PENNEY, RADIO SHACK: New catalogs by J.C. Penney and Radio Shack are first to include 8mm camcorders -- Penney adding Canon, Minolta and Sanyo versions, Radio Shack featuring own brand made by Sony. Sears, which once had 8mm camcorders in its catalog, still is holdout. All 3 catalogs have full-size VHS camcorders but no VHS-C.

More emphasis on brand names is found in both Sears and J.C. Penney catalogs for fall-winter. In addition to RCA and Magnavox TVs, which appeared in last (spring-summer) issues, Sears has added Zenith, and in VCRs it added Fisher to RCA and Panasonic, while Penney now includes Panasonic projection and Quasar direct-view TV, as well as Panasonic and NEC VCRs. Prices are relatively unchanged in both catalogs from spring-summer versions.

Sears home catalog virtually eliminates table model TVs, refers potential customers to retail stores. Only table models are 9" Zenith color cube at \$252 and combination 13" computer monitor and TV at \$330. Sears own-brand consoles: 25" at \$530, 26" stereo at \$580, 27" stereo at \$700 and 31" at \$1,999. RCA consoles, all stereo: 25" at \$480, 26" at \$580, double-sided swivel \$700, 27" at \$800. Magnavox stereo consoles: 25" at \$450 and \$530, 27" at \$700. Zenith stereo consoles: 25" at \$630, 27" at \$750. Projection sets (all 46") start with Sears models at \$1,899, surround sound version with doors \$2,279, Magnavox with 100-w JBL sound at \$3,400.

Sears video line, all with one-year warranty, starts with VCP at \$180, lowest priced VCR being \$220, with one-year timer \$246, on-screen programming \$266, 4 heads and variable slow motion \$295, linear stereo \$295 and \$348, 2-head VHS Hi-Fi \$400. Fisher VCR with 3-week 6-event timer and on-screen program is \$295. Panasonic VCRs start at \$317, 4-head at \$370 and 4-head linear stereo \$470. RCA VCRs: Basic model with remote that controls "most Sears and RCA TVs" is \$295, 4-head at \$375.

Sears continues CCD camcorder with flying erase, 3-lux sensitivity, case, telephoto lens at \$995. Only other camcorders are basic 7-lux RCA model at \$1,000, high-end RCA MOS unit with 8:1 zoom, earphone speaker \$1,297, Panasonic 8:1 model \$1,346.

Catalog has latest model Telecaption adaptor at \$180, universal remotes by Zenith at \$49.50, Memorex \$76. Among computers are Bondwell laptop, Brother word processor, Laser desktop. Sharp Wizard is featured at \$260. Magnavox 12" b&w security system with camera and cable is \$300 (down \$100). There are no video games, presumably to come in Christmas catalog.

Penney, whose retail stores no longer sell hard goods, has large lineup in catalog, devotes full page to combination TV-VCRs, starting with 5" Goldstar AC-DC at \$400, with own-brand 13" at \$600, 20" at \$660. Table model TVs start at under-cabinet 5.5" at \$200; mechanically tuned 13" at \$180 (replacing electronic tuned model at same price), remote 13 at \$200 (down \$29); 19" mechanical at \$200 (up \$10), stereo monitor \$350, Quasar with on-screen displays \$300; 20" stereo is \$300; mechanically tuned 25" is \$300, remote \$400; 26" stereo monitor TV \$500.

Consoles start with 25" swivel base remote at \$440 (down \$10), available at \$795 with Panasonic 4-head barcode programming VCR, normally \$430 (saving of \$75); 25" stereo with VCR compartment \$600, available for \$1,000 with NEC 2-head VHS Hi-Fi VCR, normally \$500 (\$100 saving); 26" stereo at \$600, double-sided model with swivel base \$650;

27" double-sided console \$800. Panasonic 45" projection TV is \$1,900. Telecaption adaptor is \$180.

Penney VCP is \$170, with basic VCR at \$210, on-screen programming \$269 (down \$49), barcode programming \$300, linear stereo \$350 (down \$49), first 4-head model \$380, linear stereo \$440, 4-head VHS Hi-Fi \$480. VHS camcorder with 3-lux sensitivity, high-speed shutter, fade is \$1,000, stepup with flying erase, speaker \$1,100. Penney's first 8mm camcorders: Sanyo \$900, Minolta Master \$1,000, Canon \$1,200.

Only computer in Penney catalog is Amstrad at \$1,000, but word processors featured are by Smith Corona and Brother.

Radio Shack 1990 catalog features 2" LCD color at \$220; 5" AC-DC monitor receiver at \$320; mechanically tuned 13" at \$250, remote 13" monitor receiver with sleep timer \$300; 19" remote monitor receiver with on-screen displays \$400; 20" stereo monitor receiver \$500. Monochrome TVs include 4.5" under-cabinet AC-DC at \$90, same size in cassette boombox \$180; 4" AC-DC on swivel \$129; 5" AC-DC with AM-FM \$100. Universal remotes start with basic model at \$50, new LCD display version with 10 built-in programmable timers \$100.

Radio Shack adds first 8mm camcorder, 8:1 zoom model made by Sony, at \$1,000; 2 new VHS models have 6:1 power zoom, high-speed shutter, \$900; editing model with flying erase, built-in speaker, 8:1 zoom, \$1,100. VCP deck is \$220. VCRs, all VHS: Basic model \$270, on-screen programmer \$350, 21-day model with 122 channels \$400; 4-head model also \$400, 4-head digital PIP \$500. Stereo VCRs: Longitudinal stereo \$450, hi-fi \$500, 4-head hi-fi \$600. New home satellite system, with 9-ft. dish, satellite sound, "Ku and descrambler ready," \$1,995.

* * * * *

Magnavox adds 3 full-size camcorders in new compact Matsushita design: (1) 6:1 zoom with 3 lux sensitivity, review and edit search, high-speed shutter at \$1,299. (2) Similar model with time lapse recording auto date and time, \$1,399. (3) 8:1 zoom with same features, \$1,549.

MTS AT MIDYEAR--2.7 MILLION: More than 2.7 million TVs with MTS stereo were sold in 1989's first half, EIA reported. June, with sales of 586,275 sets, was best month of year to date, although total was higher in Sept. 1989 and Sept. 1988. Nevertheless, June set record for 1988-1989 in terms of percentage over preceding year, with big 49.4% increase over June 1988. For year's first half, 26.6% of color sets sold included MTS, up from 22.5% in first half of 1988. Here's month-by-month MTS sales box score:

MTS STEREO IN DIRECT-VIEW COLOR SETS

Month	1989	% of Total	1988	% of Total	% Change
January..	378,217*	27.4	279,852	22.9	+35.1
February.	432,298*	26.8	319,234	23.9	+35.4
March....	569,498*	27.3	392,242	22.8	+45.2
April....	355,603*	24.3	309,689	21.3	+14.8
May.....	379,988*	25.1	280,065	21.6	+35.7
June.....	586,275*	27.0	392,314	22.6	+49.4
TOTAL..	2,701,879*	26.6	1,973,400	22.5	+36.9

* Record for period.

CHINA BANS CE IMPORTS: Beset by oversupply of TV sets and huge capital outflow as result of sales of foreign-made VCRs and other consumer products, China has banned imports of 20 products, including most consumer electronics, and restricted import of production and assembly equipment, govt.'s China Daily reported last week.

Included in import ban are TV sets, radio cassette combinations, including hi-fi component systems but excluding cassette players, VCRs and other video equipment and their parts, including magnetic heads, drums and ICs, plus computer hardware. Picture tube imports will continue. Chinese govt. said it temporarily will stop importing assembly lines for color and monochrome TV sets, color and monochrome tubes and parts including circuit boards, production equipment for tape recorders.

Action is attempt to relieve growing problems of China's consumer electronics industry: Domestic color TV market has turned from shortage to surplus, growth of color picture tube plants is out of control and govt. is unable to make VCRs in any quantity or stop their being smuggled into country.

Imposition of \$240 tax on color TV 6 months ago to slow down sales has worked better than anticipated, and China Daily last week quoted source at Ministry of Machinery & Electronics Industry (MMEI) as estimating that more than 2 million color sets are in factory and retail warehouses. Tax boosts price of 19" color set to more than \$800. China manufactured 5.45 million color sets and more than 8.5 million monochrome sets in first half of this year.

Study by govt. consultant China International Engineering Consulting Corp. (CIECC) recommended sharp retrenchment in plans for production of color tubes. China produced 580,000 in 1982 and about 2 million last year, when 10,280,000 color sets were made, most using foreign tubes. However, CIECC estimates combined annual output of 10 new plants will exceed 17 million by 1995, as opposed to demand for perhaps 12-13 million that year, when color TV production still will be around 10 million. Color tube projects will be more expensive than country can afford, study said, urging State Planning Commission to clamp down on expansion.

In VCRs, problem is reversed. Govt. had planned for production of 44,000 units last year, but officially only 37,000 were produced. Output requires technology, know-how and parts not yet available to China, in some cases blocked by international restrictions on exporting strategic technology to Communist countries. While MMEI had planned to manufacture 3-5 million VCRs annually by 1995, most of about 1.3 million VCRs now estimated to be for sale in Chinese stores have been smuggled into country or assembled from smuggled parts. VCRs cost as much as \$1,350 to produce domestically -- largely because of high foreign parts content -- making them more expensive than imported VCRs.

China recently increased tariffs on imported color TV components to 60% from 40% and on color tubes to 30% from 20%. On Aug. 1, govt. also instituted new quality control regulations on imports of color TV and picture tubes, among other products, requiring importers to get quality certificates 6 months before bringing products into country. Exported goods soon will require official licenses and quality inspection. Govt. says it will set up inspection stations in foreign countries, including U.S.

Meanwhile, China's Foreign Enterprise Service Corp. (FESCO) admitted that most foreign business offices in Beijing haven't yet resumed normal operations. It said that as of July 26 "more than 383 out of a total 1,168" were operating normally and that about 300 of 670 foreign businesses with which it has contracts "are not back to full operations."

GERMAN EDTV TESTS: With virtually no publicity, W. Germany is starting tests of "PAL Plus," compatible extended-definition version of PAL designed to provide better pictures on special sets without degrading performance of standard PAL sets. Tests will be conducted by WDR (W. Deutsche Rundfunk) without fanfare and presumably without tipping off viewers that they're seeing anything special. W. Germany's Grundig has developed hardware for tests.

All of Western Europe already is committed to use MAC system for direct satellite broadcasting, later adding HD-MAC, developed in crash effort by Eureka research project, as HDTV system. Both systems are incompatible with PAL. Situation in Europe parallels that in Japan, where incompatible system will be used for higher definition direct satellite broadcasting -- and where terrestrial broadcasters aren't enthusiastic about new DBS systems because they can be received only on special equipment. In Japan, Clearvision -- EDTV system compatible with NTSC but producing better pictures on special sets -- will start terrestrial broadcasting in fall. W. Germany's tests parallel idea of Clearvision, seeking to determine whether PAL Plus can produce significantly better picture on special sets while not obsoleting existing sets.

PAL Plus presumably will use special system to separate color and brightness signals (as MAC does), with memory required in special sets. PAL Plus eventually will be capable of transmitting signals in widescreen (16:9) aspect ratio. Sets with conventional 4:3 ratio would see black border at top and bottom of screen. Grundig estimates widescreen sets will cost 5 times as much as conventional 4:3 sets for at least 5 years.

WDR may demonstrate PAL Plus at International Audio and Video Fair Aug. 25-Sept. 6 in Berlin to size up public reaction. If PAL Plus tests are successful -- even if they don't achieve true HDTV -- they could have adverse effect on progress of MAC and Europe's chosen HDTV system, HD-MAC.

* * * * *

Regular EDTV broadcasting in Clearvision system will start in Japan in Sept. and Oct., according to roundup in Dempa Shimbun. Nippon TV Network (NTV) and Tokyo Bestg. System (TBS) plan to start early in Sept., followed shortly by TV Tokyo, with Fuji TV Network in Sept. or Oct. and TV Asahi and NHK in Oct. NTV and TBS are broadcasting now experimentally in Clearvision.

Latest Clearvision receiver is Toshiba 32" at \$3,295, which company said is 50% higher than standard 32" set. Toshiba also announced ghost eliminating tuner at \$770 that responds to transmitted ghostbuster signal and can be used with standard as well as Clearvision set. Clearvision sets announced so far include 27" Matsushita at \$2,535, NEC at \$2,560, Sony at \$2,600; 30" Sanyo at \$3,240; 35" Mitsubishi at \$4,065; 43" direct-view Sony at \$17,750; 67" Matsushita projection at \$31,700.

SKC America sales of VHS video pancakes more than doubled in first 6 months of 1989 from same 1988 period.

Consumer Electronics Personals

Nobuo Kanoi and Ken Iwaki promoted from senior managing dir. to deputy pres. of Sony. Advanced to managing dir. from dir.: Kenji Tamiya, Masahiro Takahashi, Kozo Ohson. Named to Sony board: Kenichi Kamiya, Mitsui Bank; Ryoichi Matsuda, Sony Systems Research Lab dir.; Akihisa Ohnishi, Accounting Group senior gen. mgr.; Nobuyuki Idei, Sony Home Video Group senior gen. mgr.; Teruaki Aoki, R&D Corp. Planning Group senior gen. mgr. As already reported, Michael Schulhof, Sony America vice chmn., and Jakob Schmuckli, Sony Europa pres., were first non-Japanese elected to board (TVD June 12 p16). Michael MacKay, ex-Atari, joins Sony America Advanced Video Technology Center, San Jose, Cal., as graphics products mgr.

Robert Larsen, ex-Casio, joins Commodore as consumer sales vp; Lloyd Mahaffey, ex-Apple, named mktg. vp; Peter Kaiser, ex-Compaq Computer, joins Commodore's German subsidiary as gen. mgr.... Richard Antonio named Ampex Recording Media U.S. sales and customer service vp; other appointments: George Armes to instrumentation products gen. mgr., Clara Munley to controller, Eugene Nyland to operations vp, Phillip Ritti to audio/video products gen. mgr... Timothy Smith resigns as vp-gen. mgr., Fujitsu Microelectronics Advanced Products Div., to start own company; John Meyer, division vp, named acting gen. mgr... Allen Nelson named Best Buy logistics vp... William Schreiber, dir. of MIT Advanced TV Research program, wins Albert Rose Electronic Imager of the Year award, to be presented at Electronic Imaging '89 conference in Boston Oct. 2-5.

Peter Wellikoff, exec. vp, advanced to pres., Celestion Industries... Takeo Sawatari, ex-Bendix, named research dir., Broadcast Technology Partners, licensor of FMX; Katherine Mullen named asst. to dir. of mktg... Ron Harris appointed pres. of Sonopress, Weaverville, N.C., cassette duplicator owned by Germany's Bertelsmann... Ira Friedman, ex-Vector Systems, joins Boston Acoustics as dir. of newly created Corporate Mktg. Dept... Linda Lybeck, product planning and development mgr., named Code-A-Phone mktg. mgr... Tatsumi Ueyama, ex-Japan Ministry of International Trade and Industry (MITI), appointed deputy dir., Japan Electronics Bureau, N.Y. office of EIAJ, succeeding Yohji Hasegawa, who rejoins MITI.

Tom Burnett resigns as Virgin Vision exec. vp, plans to be announced... David Pierce resigns as New World senior sales and mktg. vp to join RCA/Columbia as sales vp... Tracy Dolgin promoted to HBO Video senior mktg. vp... Don Helgesen advanced to Technicolor Videocassette Worldwide exec. vp... Promotions at Commtron: Mark Ramer to business development vp, Arthur Strauss to distribution vp, Frank Mattson to operations vp... Marcie Robinson advanced to Magnusfilms creative affairs vp... Peter Brickman, ex-Hearst/ABC-Viacom Entertainment Services, joins Reiss Media Enterprises as production, operations and engineering vp.

Total VCR sales declined from last year in all 3 weeks of July so far (see State of the Industry). EIA reported modest increase in direct-view color TV sales to dealers in 3rd week, following 2 straight weekly declines. Through first 3 weeks, all major video products were down: Color TV 5.2%, projection TV 7.3%, home VCR 22.5%, camcorders 16.5%.

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
BMC Industries			
1989-6 mo. to June 30	85,967,000	1,651,000	.29
1988-6 mo. to June 30	78,759,000	1,652,000	.31
1989-qtr. to June 30	43,793,000	1,199,000	.21
1988-qtr. to June 30	40,288,000	1,396,000	.26
Clear Channel Communications			
1989-6 mo. to June 30	22,402,853	(501,952)	—
1988-6 mo. to June 30	18,299,300	904,737	.23
1989-qtr. to June 30	12,389,520	182,710	.05
1988-qtr. to June 30	10,288,816	880,109	.22
Mediagenic			
1989-qtr. to July 1	13,563,000	(586,000)	—
1988-qtr. to July 2	13,480,000	357,000	.09
Turner Bcstg. System			
1989-6 mo. to June 30	496,500,000	5,100,000	— ^a
1988-6 mo. to June 30	381,900,000	(40,000,000)	— ^b
1989-qtr. to June 30	264,500,000	5,500,000	— ^a
1988-qtr. to June 30	199,300,000	(25,900,000)	— ^b
Viacom			
1989-6 mo. to June 30	705,039,000	181,893,000	3.08 ^a
1988-6 mo. to June 30	591,573,000	(74,519,000)	—
1989-qtr. to June 30	363,919,000	(34,710,000)	—
1988-qtr. to June 30	298,445,000	(28,827,000)	—

Notes: ^aIncludes special credit. ^bRestated.

SANYO, NEC REORGANIZE: American subsidiaries of 2 Japanese electronics companies last week announced reorganizations of their audio and video operations. Sanyo Fisher continued restructuring with realignment of marketing and product planning operations. NEC made changes in sales functions.

At Sanyo Fisher, product planning will be handled by category, rather than by brand, as in past, company said. Akiyoshi Takano, exec. vp, will oversee product planning and marketing of both Sanyo and Fisher brands. Reporting to him are Makoto Harada, who shifts to audio senior vp from sales vp; Ichiro Megata, who joins Sanyo from Japanese trading firm as video senior vp, and Satoshi Maekawa, continuing as home appliances senior vp.

Other Sanyo appointments: Isaac Levy, ex-Thomson Consumer Electronics, rejoins Sanyo as mktg. vp, overseeing product managers for home audio, portable audio/telephone, VCR/TV, car audio. Michael Shoemaker, Fisher sales vp, named mktg. vp for Fisher brand.

NEC said it reorganized sales operation of its Audio/Video Div. "to meet the needs of the changing consumer electronics marketplace and to better service its customers." Senior Vp Akira Sugiyama was put in charge of all sales activities within division. Reporting to him are William Gibson, southern regional sales mgr., who was named asst. vp, national accounts, heading new national accounts management team. Reporting to Gibson are Michael Conway, national accounts mgr., and James Correll, special markets mgr. Also reporting to Sugiyama is Frank Lombardo, eastern regional sales mgr., advanced to eastern regional vp. Lombardo will cover sales activities in eastern region and 7 southern states. Paul Danner remains western regional sales mgr., his territory expanded by 4 states, and David Davis continues as central region sales mgr. Clint Kurahashi was named sales planning dir., new post.

TELEVISION DIGEST®

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AUGUST 14, 1989

SUMMARY-INDEX OF WEEK'S NEWS

VOL. 29, NO. 33

Broadcast - Cable

SIKES PUSHES EFFICIENCY: New FCC chmn. says it's too early for policy pronouncements, but HDTV, cable issues, quick turnarounds on applications are on 'front burner.' Key staff resignations. (P. 1)

DBS GETS FIRST CASH: Nationwide makes major commitment to Hubbard satellite project. 8-channel GE bird to be launched in 1992. (P. 3)

LPTV EYES PROTECTION: Group says possibility of bumping by full-power stations is stifling industry that provides local service option. LPTV stations growing 35% per year. (P. 4)

TVRO SYNDEX THREATENING: Satellite industry says idea isn't technically feasible, but broadcasters disagree. VideoCipher capability is key issue. (P. 4)

DENNIS CITES KEY ISSUES: Comr. says advanced TV, telco entry into cable and DBS will have major impact on mass media future. Compromise on HDTV quality or service areas almost certain. (P. 5)

SATELLITE TV ATTACKED: Cable representative at SBCA says consumer confusion is weakening satellite TV, but legislation isn't answer. (P. 6)

FCC FILES IN SYNDEX APPEAL, telling Appeals Court Congress has 'laid to rest' doubts about legality of agency's policy. Briefs due today. (P. 7)

SIKES PLEDGES FCC 'TRAINS WILL RUN ON TIME:' Newly installed FCC Chmn. Sikes will stress "making the trains run on time" at Commission, he told us in interview 2 days after moving into new post from NTIA dir. He said it's generally too early to make sweeping policy announcements, but "front burner" issues will include tariff matters, telephone price caps, HDTV, preparing mandated report on cable industry for Congress. He pledged "hands-on" policy aimed at providing more efficient FCC administration and generally more "pleasant" service to public by FCC staffers.

Citing his experience at local govt. level, attorney and former Mo. broadcaster said public is most interested in making sure paperwork for such elements as licenses is handled quickly and efficiently. Sikes said govt. uses "public interest" phrase too often in policy and not enough in its own day-to-day operations. He was sworn in Aug. 8 in chmn.'s office by FCC Comr. Quello, will have formal swearing in Aug. 18 by U.S. Supreme Court Justice Antonio Scalia in Indian Treaty Room of Exec. Office Bldg.

Sikes said he's spending much of his time familiarizing himself with FCC issues and staff. He has several personnel decisions to make, with handful of key Commission staffers already announcing their intentions to leave; he also has announced appointments of 2 key aides who are coming with him from NTIA

Consumer Electronics

JULY SALES DOWN for every major video product. Camcorders post worst month ever, off 23.5%, color TV 4.5%, projection TV 13.1%, decks 23%. (P. 9)

MUSIC PUBLISHERS TO FIGHT 'bad' DAT agreement, threaten 'legal action' if all else fails. IFPI girds for new battle on recordable CDs. (P. 10)

CURTAIN DESCENDS ON B&W TV sales, ending 40-year run. Monochrome represented 5% of TV units, 1% of dollars in June. First-half sales down 41.5%. (P. 11)

OPTIMISM ON LASERDISC in U.S. expressed by Pioneer and Sony on eve of shipping lower priced models. Pioneer expects to sell 100,000 players here this year. (P. 12)

JVC SHIFTS LOW-END VCR output for U.S. market to Malaysia, will make 100,000 monthly there. Sony, Hitachi, JVC could make million VCRs there this year. (P. 12)

PHILIPS NET UP 94% in first quarter, boosted by strong U.S. consumer electronics sales. TDK profit up, Recoton down, Pioneer revises forecasts. (P. 13)

NINTENDO WINS preliminary injunction in first of what could be many lawsuits in attempt to stop growing rentals of game software by video dealers. (P. 13)

VIDEOTAPE USER SURVEY by Fuji shows 72% of respondents use tape primarily for movie recording. (P. 14)

(see below). He already has done "walking tour" of Field Operations Bureau, plans similar visits to other bureaus. He said he also needs to become familiar with new Comrs. Andrew Barrett and Sherrie Marshall, both of whom are still to be sworn in.

Sikes doesn't expect his policy to be much different at FCC from what it was at NTIA, although it will be handled in "a different framework," he said. He was careful to point out that things have to be done in collaboration with other commissioners, rather than unilaterally, but said he does expect to start some of his own initiatives. It's too early to discuss any of them, he said. He will head full 5-member Commission -- first time that has been case since Mark Fowler resigned as chmn. in April 1987.

Sikes also gave obligatory bow to Congress, calling lawmaking body "a microcosm of the nation" whose views must be listened to at FCC. He said he plans to work closely with legislators, especially when there's significant departure from existing policy, and to encourage others within FCC to do same. He cited example of recent legislation on indecency and obscenity, saying new law made congressional point of view "crystal clear" on issue. If FCC doesn't work closely with Congress and pay attention to its clearly expressed views, Sikes said, "Congress will direct you and you will find your authority restricted."

HDTV remains one of Sikes' major interests. At NTIA, a main concern was improving competitiveness of U.S. industry, but he indicated there would be somewhat different starting point at FCC. He said public's main interest was that Commission facilitate availability of improved TV pictures "without unleashing economic havoc." Sikes said he's generally pleased with work of FCC's Advanced TV Advisory Committee and indicated he plans to continue supporting it. He also said he may want to appoint several new members to group. New chmn. wasn't ready to say whether FCC itself should devote more resources to HDTV.

HDTV competitiveness issues still are important, Sikes said. While he hasn't read entire Congressional Budget Office (CBO) report on HDTV (TVD Aug 7 p3), he said he's "not all that impressed" with summary he has read. He said it appears to him that economic implications of HDTV are significantly greater than CBO indicated. He said FCC "has a significant interest in where [HDTV] research and development is done" and suggested that system proponents make clear amount of work to be done in U.S. in their proposals. Sikes, who has said previously that industry is capable of footing much of HDTV research bill, also said manufacturers should be encouraged to devote more of their own resources to HDTV research. When asked how he plans to do that, he said "I just did."

FCC will be looking at overall video signal distribution, Sikes said, but he indicated that there's "no real move to reregulate" cable industry and that there won't be until what constitutes "effective competition" is redefined. Commission will look at competition issues, he said, but he's "reluctant" to comment until he has examined subject more closely. General Accounting Office study of cable rates "deserves attention," Sikes said, and it's one of items that suggests need to reexamine entire video delivery situation.

Saying of nomination and confirmation process that he's "happy for the struggle to be over with," Sikes predicted "a period of historic success" during his FCC tenure. He told group of about 40 staffers and reporters in attendance at swearing in that he learned of his Senate confirmation late Aug. 4 while watching C-SPAN at home. Full Senate had confirmed 3 FCC nominees at midnight same day after many fits and starts (TVD Aug 7 p1). Sikes' term will expire June 30, 1993, encompassing last 4 years of 5-year term that started June 30, 1988. (Senate also confirmed Janice Obuchowski as NTIA dir. before going on recess. Obuchowski was sworn in Aug. 4, succeeding Sikes at Commerce Dept. agency.)

Ill. Commerce Commission member Barrett said he won't be sworn in before Sept. 15. He said he had made plans to stay in Chicago through summer when he was led to believe that Senate wouldn't act on his confirmation until after Aug. recess. Barrett said he has to stay around to finish work on major electric utility rate case. He plans to ask U.S. Dist. Judge James Zagel of Chicago, former associate, to swear him in. Barrett will serve balance of Fowler's term, expiring June 30, 1990, although he reportedly has been promised reappointment.

Marshall, ex-attorney at Wiley, Rein & Fielding and former aide to Patrick at FCC, was out of town, hasn't disclosed plans for starting at FCC, her office said. Marshall will serve balance of ex-Chmn. Patrick's term, until June 30, 1992.

Sikes said that as FCC chmn., he has accepted 3 speaking engagements to date: Hi-Tech Conference Sept. 11 in St. Louis; NAB Radio '89 convention Sept. 13-16 in New Orleans; IRTS lunch in N.Y. Sept. 27.

* * * * *

Sikes has made 2 major appointments on his personal staff -- Charles Schott as chief of staff and Kenneth Robinson as senior policy analyst. Both come with him from NTIA. He has made no decision yet on position for Richard Firestone, NTIA chief counsel under Sikes, who's expected to join FCC also.

Two incumbent key FCC staffers announced their intentions to resign last week: Gen. Counsel Diane Killory and Managing Dir. Edward Minkel. Killory has been asked by Sikes to stay on "for several months during the transition period," which she agreed to do; Minkel's resignation is effective Sept. 1. They join Mass Media Bureau Chief Alex Felker -- who is on vacation and his leavetaking is unsure -- and Peter Pitsch, Patrick's chief of staff, both of whom are leaving agency. Lawyer-economist Pitsch said he turned down "a handsome offer from a major telephone company [because] I wanted an opportunity to do something on my own." He will open legal-economic consultancy Sept. 1, 2300 N St. NW, Washington 20037, 202-663-9039.

Sikes said he has "talked to a lot of people" about jobs at FCC, but didn't work on staffing much before his confirmation because it would have been "presumptuous" and because he was busy preparing for his confirmation hearing.

Meanwhile, there are strong indications that Bradley Holmes, chief of Policy & Rules Div. of Mass Media Bureau, now is top contender for post of dir. of Bureau of Communications & Information Policy in State Dept., succeeding Sonia Landau. Holmes was nominated to FCC in fall 1987 for Fowler's seat, but never received confirmation hearing. He's on vacation and couldn't be reached for comment. Comr. Dennis, whose FCC term expired June 30, reportedly was offered State Dept. post but turned it down. She wasn't available for comment. Among several other candidates is Washington attorney James Smith, strongly backed by ex-FCC Chmn. Burch -- who reportedly has spoken to Secy. of State James Baker about Smith's qualifications.

DBS GETS 'MEANINGFUL' MONEY INFUSION: Nationwide Insurance broadcasting subsidiary committed to major investment in direct broadcast satellite (DBS) business, United States Satellite Bestg. (USSB) Chmn. Stanley Hubbard announced. Financial details of deal between USSB and Nationwide Communications (NC) weren't disclosed. USSB expects to launch GE-built DBS satellite in 1992 (TVD July 31 p8). Hubbard said it would have enough power to permit use of 16.5" dish, small enough to enable DBS to reach mass audience more quickly because of lower cost and convenience of installation. He expects Nationwide commitment to lead to other broadcasters lending financial backing to DBS (TVD July 31 p8).

NC approached USSB to invest in DBS because of latter's experience with broadcasting technology and because NC believes Hubbard is "an innovator," NC Pres. Steve Berger said. "Also, we feel this investment will protect and enhance our current and future positions in the audio and video distribution business," he said. Berger said fact that "finite number" of other TV and radio stations is available prompted NC to invest in DBS. "Ever-encroaching fragmentation" of existing broadcast business has lowered profit margins and led NC to investigate DBS technology, he said. NC owns 4 TV and 16 radio stations.

USSB has FCC permit to launch DBS satellite to beam 8 channels of TV and "other services" to U.S. Berger, who estimates receiving equipment will cost \$500 per installation, said he expects to begin making return on investment soon after bird is launched. He described DBS as excellent opportunity to "do all the unusual things that cable can't do." Hubbard admitted there's risk in new business, but said it eventually would enable DBS broadcasters to hold "gatekeeper" position now enjoyed by cable operators. Based on expected capital investment, DBS broadcasters will be able to reach U.S. viewers for \$2 per household, compared with \$111 per household for KTLA in L.A., which Tribune Bestg. bought in 1985 for \$510 million, Hubbard said, and potential audience of DBS is "20 times that of KTLA."

Hubbard said DBS won't air programs such as Cosby Show. Rather, he intends to follow results of 13 market studies (at cost of \$4 million) conducted by Hubbard Bestg. that show that "you've got to think 'brand new programming.'" He said that at outset, DBS programming won't compete directly with cable or broadcast TV because its nationwide service can focus on smaller niche markets. "I've said this before, but no TV or cable can program for 2% of the audience. But 2% of 90 million homes is 1.8 million TV homes." He said that DBS will be compatible with cable and that those who have cable and those who don't have access to it will be most likely to pay for new service.

Correction: Bottom portions of pages 4 and 12 in our Aug. 7 issue were reversed. We apologize for any confusion.

HBO plans to test scramble microwave signal in N.Y.C. area Aug. 9, with full-time scrambling Sept. 19.

LPTV EYES PROTECTION: Pressure is building among LPTV owners for better guarantees that their stations won't be forced off air by new full-power stations. Owners haven't decided on exactly what guarantees they will seek from Congress and FCC, or when effort will be made, but said it's one of main issues that must be addressed. About 110 LPTV stations and CP owners already have been bumped by full-power stations, said John Kompas, pres. of Community Bcstrs. Assn. (CBA). Most were able to switch to new channels, he said, but as many as 15 were forced to abandon stations or CPs because no alternative channel was available.

Percentage of LPTVs affected is relatively low -- there are 660 LPTV stations on air and another 1,600-1,700 CPs have been issued. But threat has had deadening effect on their ability to get financing. Kompas said lenders often aren't willing to fund LPTV stations that could be forced off air at any time. Problem was eased somewhat by 1987 legislation that guaranteed LPTV licensee could get new channel, if available, without facing new competitive process, Kompas said. LPTV licensees knew they could be bumped when they applied for their original licenses, he conceded, "but that doesn't mean we can never try to upgrade our status." He cited benefits cable industry gained when it was deregulated.

Number of LPTV stations is growing 35% per year, with average of 15 stations signing on air each month, according to study for CBA by Marquette U., but profits still are elusive. Only 29% of stations were profitable in month before national survey, 43% in previous quarter, 38% in last year. Study said big percentage of stations still was in startup mode, and high interest costs have limited profitability, but 2/3 said revenue is increasing.

LPTV stations primarily (75.8%) are small, privately owned operations; 21% are publicly held, 3.2% owned by local govt., 8.3% by minorities, including women. About 30% were owned by persons or groups that had more than one LPTV outlet and 45% of owners had stake in other media outlets. Average station had 4 full-time and 2 part-time employees. Highest percentage of LPTV stations (35%) were in rural areas, 32% urban, 16% suburban. About 55% of those responding to survey were classified as commercial, 10.5% nonprofit or public, 9% religious, 6.6% full-time subscription.

CBA focuses on locally produced programming, and 63% of stations surveyed said they originate some programming. Of those that do so, local programming makes up average of 15% of schedule. Kompas pointed out total is 3.6 hours per day, more than average full-power station. Report said sports constitute 24% of locally produced programming, news 20%, public affairs 19%, religious 14%, magazine 9%. Four LPTV stations reported more than 90% of their programming is locally produced.

FCC Comr. Quello, Zenith Chmn. Jerry Pearlman and new NTIA Dir. Janice Obuchowski will be among speakers at MST's 3rd conference on HDTV, Washington Westin Hotel, 10:30 a.m., Sept. 6. Other speakers include Reps. Rinaldo (R-N.J.) and Ritter (R-Pa.), FCC Advisory Committee Chmn. Richard Wiley, Advanced TV Test Center Exec. Dir. Peter Fannon, Advanced TV Systems Committee Chmn. James McKinney, Robert Alton of Contel, Thomas Friel of Electronic Industries Assn., Howard Miller of PBS, Philips Labs Pres. Mark Rochkind, NBC Pres.-Operations & Technical Services Michael Sherlock. Registration fee is \$225. Details: 202-462-4351.

TVRO SYNDEX DEBATE FUELED: Extending syndicated exclusivity (syndex) to home satellite dish (HSD) market isn't possible and, if forced upon industry by FCC, would "substantially harm" market, said Satellite Bestg. & Communications Assn. (SBCA) in comments filed with Commission Aug. 7. NAB supported syndex, saying rule limited to specified number of geographic exclusivity zones could be implemented "immediately" and would need "relatively little" capital outlay. NAB said rules should be adopted "expeditiously" because of rapid growth of General Instrument VideoCipher II (VC-II) decoders and because without satellite syndex rules in place, service would undermine cable syndex rules.

INTV urged FCC to adopt regulation, citing findings of Cooperman/Gould study that said VC II can delete programming selectively in specific geographic areas. Syndex protection for programming retransmitted to home dish owners can be implemented in part now in VC-II system, giving syndex capability for more than 50% of TV households in U.S., study said. Full syndex can be made part of VC-II Plus upgrade by extending capability of existing system without changing encryption standard, report said.

SBCA objected to restoration of syndex, saying it would encourage signal theft because consumers trying to avoid syndex blackouts would buy illegally modified descramblers. Assn. also said: (1) Technological limitations in system of scrambling and authorization would prevent implementation of blackouts by satellite carriers, and costs of overcoming limitations would be "enormous." (2) Technological and administrative burdens and expenses that syndex rules would impose on satellite carriers are "unreasonably greater" than those for cable. (3) Reimposition of syndex could cause consumers to turn to viewing of backhauls and feeds of programming.

GI said it isn't possible to use VC II to implement syndex because descrambler hardware limits VC II to no more than 32 blackout locations. VC-II also can't be used for syndex without major system change that would involve recall and modification of all descramblers, according to GI. Even system designed specifically for syndex wouldn't be foolproof without periodic check to assure that subscribers' reported locations were correct, company said.

MPAA said it's essential that FCC move quickly to restore syndex to maintain balance in competitive media marketplace and to ensure that program supply market receives correct economic signals. Hubbard Bestg. and PBS also urged FCC to revive syndex. Netlink, Superstar Connection and PrimeTime 24 opposed it on grounds that it would be technically impossible and, Netlink said, would encourage piracy.

FCC vacated \$2,000 fine against KZKC Kansas City for allegedly broadcasting indecent material. Commission cited U.S. Appeals Court, D.C., decision last year in ACT case that Commission can't bring enforcement actions against evening broadcasts until it has conducted inquiry into children's viewing habits. FCC ruled movie KZKC showed, Private Lessons, was indecent because its central theme was seduction of 15-year-old male by housekeeper and it included sex scenes and nudity (TVD June 27/88 p3). FCC said that it had "no choice" but to dismiss enforcement action but that it "takes seriously its obligation to enforce the statutory prohibition against obscene and indecent broadcasts" as much as law allows. Court decision in effect means FCC can act only against indecent daytime broadcasts, Commission said.

DENNIS CITES KEY ISSUES: FCC Comr. Dennis believes 3 issues will have major impact in shaping communications industry of future -- advanced TV, telco entry into cable, successful launch of DBS. Addressing Assn. for Education in Journalism convention in Washington Aug. 10, she said "compromise is inevitable" in upcoming decisions on advanced TV or HDTV: "Either picture quality will be diminished, or service areas will be slightly reduced, or some broadcasters will have to do without advanced TV."

Problem with HDTV is lack of desirable spectrum, she said, adding that Commission "should try to give over-the-air television the opportunity to compete... But finding spectrum will not be easy because we are trying to graft a new service onto an existing allocation scheme." No suitable spectrum is available for HDTV outside existing UHF and VHF bands, she said, so competing demands mean system selected for broadcasting will be "less than ideal."

Dennis said telephone companies "have dreamed of getting into television" for more than 30 years and "that dream now seems closer to reality than ever before." That's because of "a growing perception in Washington that cable television needs the spur of competition" and technology such as fiber optics: "Because fiber has virtually unlimited capacity, we could finally experience the television of abundance where anyone who could afford to lease a channel could gain access to a viewer's home."

DBS has shown more "promise than performance" for almost decade, Dennis said. However, she said, it "offers nationwide reach and a signal that could be far superior to what we now see over the air." She said FCC has given DBS "every opportunity, imposing only the most minimal regulations." If it develops, she said, it could become extremely valuable service, particularly in rural areas.

"At heart" of FCC drive toward deregulation has been "an effort to retreat from content regulation," Dennis said. Fairness doctrine, she said, actually involved "government oversight of a broadcaster's most important journalistic judgments: Which issues are worth covering? Which views are worth airing? How much time should be devoted to each conflicting view?... It placed the FCC where it doesn't belong -- looking over the shoulder of reporters and news directors... The loser was the public and the First Amendment." She said case for content regulation "weakens more every year" with influx of new services.

While "I strongly oppose" content regulation, Dennis said, FCC still has role to play in regulating broadcasting and cable to promote competition and ensure that multiplicity of viewpoints is available. She called for continuation of "structural regulation" in 3 areas: (1) Retaining rules limiting concentration of control in station ownership. (2) Aiding and abetting growth of minority ownership. (3) Enforcing FCC equal employment opportunity rules to bring "different viewpoints." She said such structural regulation "can help ensure the maximum diversity of programming and viewpoint without resorting to the bad old days of content regulation."

"Technology and Tradition -- Partners in Progress" is theme of annual SMPTE conference Oct. 21-25 in L.A. Convention Center. Presentations are planned honoring 100th anniversary of 35mm film and 50th anniversary of commercial TV. Philip Samper of Eastman Kodak is keynoter. To date, 220 companies have signed up as exhibitors, occupying 79,500 sq. ft. Details: SMPTE, 914-761-1100.

Playboy will convert cable subscription network to pay-per-view service Dec. 1 because of declining subscribership and belief there are few opportunities for growth in subscriptions, Chmn. Christie Hefner said. She also said company will launch broadcast TV show, Playboy Late Night, in Europe in fall. Subscribers to Playboy Channel have declined from peak of 750,000 in 1984 to 400,000, Hefner said. PPV service, Playboy At Night, expects addressable audience of at least 2.5 million homes at launch, will offer original programming and R-rated films, will cost \$4.95 per evening. Hefner said Playboy's original programming always was success but company had difficulty finding enough good programming for 10 hours per night throughout year. Playboy already has reached agreements with broadcasters in Italy, France and Spain to carry 26 weeks of Playboy Late Night, Hefner said, with details to be announced. It also will focus on expanding home video distribution, has received govt. clearance for sales in France and has signed with Daewoo for Korean distribution. Playboy At Night will be headed by newly promoted Senior Vp-Gen. Mgr. Michael Fleming.

U.S. Dist. Court, Miami, refused to block move of Entertainment Tonight program from former Miami NBC affiliate WSVN to WTVJ, new NBC affiliate. WSVN claimed it had oral contract with program owner Paramount that would have provided show for another year. However, Paramount said there was no contract, so program can switch to WTVJ Sept. 4. WSVN owner Sunbeam TV sought preliminary injunction to block move. Judge Lenore Nesbitt didn't rule on merits of case, but said that Sunbeam hadn't met burden of proving that it was likely to win final case. She said that: (1) Case will "probably turn on the credibility of witnesses." (2) Oral contract may be unenforceable under Fla. law. (3) Sunbeam failed to prove it would suffer irreparable harm. (4) WTVJ might be harmed even more if it has to find replacement program in less than month.

HDTV system proponents are to meet Sept. 28 at FCC hq to set schedule for testing proposed systems (TVD July 24 p1), according to July 28 letter from Richard Wiley, chmn. of FCC's Advanced TV Advisory Committee. At meeting, proponents will be expected to commit to specific date for start of testing, as well as put up nonrefundable performance bond. Wiley said it may be necessary to use procedure such as lottery to resolve scheduling conflicts. Meeting also will include explanation of test parameters and procedures and exchange of views on all aspects of program, including source materials. Proponents are asked to confirm participation to Wiley by Sept. 1. Letter went to Faroudja Labs, MIT, NHK, N.Y. Institute of Technology, Philips, Production Services, Sarnoff Center, Zenith.

Outlet Communications signed letter of intent to sell WXIN (Ch. 9 independent) Indianapolis, WATL (Ch. 36 independent) Atlanta and WTOP-AM/WASH-FM Washington to Chase Communications for \$120 million cash. Outlet said it would "continue to review options" on disposition of its 2 remaining TV outlets, WJAR (Ch. 10) Providence and WCMH-TV (Ch. 4) Columbus, O., both NBC affiliates. Chase owns 2 TVs and 6 radio stations in Hartford, Stamford, Memphis, St. Louis. Meanwhile, Outlet said it recorded net loss of \$1.9 million in 2nd quarter, compared with \$2.81 million loss in same 1988 period. Revenue fell 4% to \$26.67 million for quarter and marginally (less than 1%) to \$49.15 million for first half.

Cable penetration rose to 56.4% in July from 55.6%, Nielsen reported, gain of 4.4% in year. In top 20 markets, penetration ranged from low of 43.8% in Dallas-Ft. Worth to 69.7% in Pittsburgh.

CONFUSION HURTS SATELLITE TV: Consumer confusion caused by infighting over govt. role is weakening satellite TV, cable representative said at panel discussion at Nashville convention of Satellite Bestg. & Communications Assn. (SBCA). Supporters of federal oversight of industry insisted satellite carriers are practicing pricing discrimination against home dish (HSD) distributors, and legislation is necessary to stop it, particularly since nothing else has worked.

"[The industry] has a choice here," said Robert Phillips, CEO of National Rural Telecommunications Cooperative. "It can offer expensive services, make some fast money and get a few eyeballs [viewers], or it can be fair with pricing and get a lot of eyeballs and make good returns over the long term." Phillips and American Home Satellite Assn. Gen. Counsel Larry Helland supported bill to govern pricing practices and, in Phillips' view, General Instruments' handling of encryption technology.

CATA Pres. Stephen Effros insisted that federal measure isn't answer to home satellite industry's problems, claiming that it would have negative impact on business because legislation seldom passes in form proposed, and achieving passage means industry must spend time on Capitol Hill instead of with consumers. Govt. involvement also wouldn't help in solving piracy problems, he said: "Check with anybody who has dealt with the FCC and you'll see that they [FCC] haven't helped anybody."

Comments by witness from General Accounting Office (GAO) at cable rate hearing (TVD Aug 7 p3) were "irresponsible" and could "serve to discredit GAO," 3 Republican members of House Telecom Subcommittee said. John Ols, GAO dir.-Housing & Community Development Issues, testified in answer to Subcommittee member questions that he believes cable industry is "monopoly" and that he "would lean toward reregulation" as solution to problems. He also termed 29% increase in average cable basic rates "bad news for consumers." Under repeated questioning by Republican members, Ols said that he had cleared statements in advance with GAO gen. counsel and that his office would back up his testimony. Comments prompted letter from Reps. Bliley (R-Va.), Ritter (R-Pa.) and Schaefer (R-Colo.) to Comptroller Gen. Charles Bowsher expressing "consternation" and calling testimony "out of order, given the limitations of the survey." Letter pointed out GAO was asked merely to survey rates, "not to draw conclusions about what an appropriate congressional response to those results should be." Lawmakers said GAO didn't analyze product market, cable costs, rate base or economic circumstances. Letter cited interview in N.Y.'s Newsday in which Ols expressed personal dissatisfaction with local cable TV service and said interview indicated dissatisfaction may have been "Ols' motivation to express his thoughts on this subject in the guise of official GAO opinion." Letter urged GAO to take "all necessary actions" to clarify situation and ensure it doesn't happen again.

Wold Communications and Bonneville Satellite signed agreement to combine assets and operations and form new entity, Keystone Communications. Keystone said it will own and operate satellite uplink and downlink ground facilities, videotape playback, postproduction, master control centers and mobile and fixed microwave links in L.A., N.Y., Salt Lake City, San Diego, Washington. It also will own and manage transponder capacity in both C- and Ku-bands. Keystone Communications will continue operations in cities where Wold and Bonneville currently maintain offices.

ACT charged in filing with FTC that AT&T's ads for 900 services aimed at children are deceptive and unfair. ACT asked that FTC order: (1) AT&T to give consumers who were deceived by ads one-time refund if children had made calls without knowing fee was involved. (2) AT&T be required to offer blocking to parents who want it, service AT&T doesn't offer, ACT said. (3) AT&T provide notification and identification for consumers so that bill "clearly denotes" services directed to children under age 12. Filing was made against AT&T, ACT said, because it's "profit-making partner" in 900 services, receiving 50¢ from each call, with balance going to information provider. ACT said children are too young to be aware of price of call, even if it's mentioned in ads, and many are left unsupervised for long periods while parents are at work. The 900 programs urge children to call by offering free gifts and tell them they will "talk to" favorite cartoon characters, as opposed to just listening to message, ACT said, adding that after each message, children are urged to call back. ACT said some dial-it services used automatic tones to enable children to place calls.

Cable transactions: Adelphia Communications will buy all outstanding shares of Joseph S. Gans Inc., which owns cable systems serving 31,000 subscribers in Pa. Broker: Daniels... Benchmark Acquisition Fund completed acquisition of 10,500-subscriber system in Ridgecrest, Cal., from Boulder Ridge Cable TV. Broker: Waller Capital... E.W. Scripps agreed in principle to buy 9 systems with total of 40,000 subscribers in Knoxville and East Tenn. Systems are among those Intermedia Partners recently agreed to buy from Jack Cooke... Northland Cable Properties bought 2 systems in Wash. and Nev. from Valley Cable TV, passing 5,688 homes with 4,230 subscribers. Broker: Daniels... Pioneer sold 2-way interactive addressable converters worth more than \$14 million to Warner Columbus, O. system... Zenith signed \$32 million deal to sell 2-way interactive decoders to KBLCOM... TCA agreed to buy cable systems in Canyon and Dalhart, Tex., from Tempo Cable. Systems have about 5,400 subscribers.

FCC amended noncommercial FM (NCE-FM) translator rules, conditionally permitting satellite and terrestrial microwave feeds from primary stations. It also added 3-year transition period during which applicants for such translators must show there's alternative NCE-FM frequency available for full-service station. That showing must be made by applicants farther than 80 km from predicted 1mV/m signal contour of primary station -- limit recommended in proposed settlement agreement submitted to Commission by National Public Radio, Moody Bible Institute, others. Public and religious radio broadcasters previously had been at odds on issue, with former claiming that latter were attempting to build translator networks that would foreclose spectrum for public radio expansion. In move that also had been recommended in agreement, FCC eased rules only for translators owned and operated by primary stations. It had proposed extension to translators owned by 3rd parties.

Cablevision would be required to refund \$459,245 to Conn. customers under draft decision issued July 26 by Conn. Dept. of Public Utility Control (DPUC). DPUC ordered refunds because Cablevision failed to provide Madison Square Garden Network to subscribers in 1988-1989 during contract dispute, which was settled recently. Conn. Office of Consumer Counsel had sought more than \$1 million in fines and refunds, saying Cablevision had violated state law by not providing adequate notice of program change. Cablevision also was ordered to pay fines totaling \$30,000.

FCC ARGUES SYDEX POINT: Congress "laid to rest" any lingering doubt about legality of FCC's syndicated exclusivity (sydex) rules when it passed 1988 Satellite Home Viewers Act, which instructed Commission to consider sydex for satellite home dish market, agency said in brief filed with U.S. Appeals Court, D.C.

FCC was first to file brief in sydex appeal by CATA, Tribune Bestg., United Video. Other briefs are due today (August 14) and oral argument is set for Oct. 16. Sydex rules set by FCC last year (TVD May 23/88 p1) are to take effect Jan. 1 unless overturned on appeal.

Appeal claims rules violate First Amendment and 1976 Copyright Act, aren't allowed by 1934 Communications Act, aren't justified by public interest benefits. FCC said legislation clearly indicates sydex doesn't violate (1) congressional intent in Cable Act or (2) First Amendment, because federal courts have ruled repeatedly there's no constitutional privilege to transmit programs in violation of arrangements made by program creators.

Copyright Act "anticipated" rules similar to sydex, agency said, and language and legislative history indicate Congress considered sydex "valid complement" to compulsory license. Brief repeated Commission's earlier arguments that there have been "significantly changed circumstances in the video distribution marketplace" since sydex rules were eliminated in 1980, primarily because of "explosive" growth of cable. It said cable revenues grew from \$1.8 billion in 1979 to \$11.1 billion in 1987, and ad revenues from \$45 million to \$1 billion in same period.

FCC also pointed out that cable programming often is bought and sold on exclusive basis by those that filed appeal and that courts repeatedly have held that Commission's judgment on public interest is entitled to "substantial judicial deference."

National Hispanic TV rating service will be set up as result of agreement among Telemundo Group, Univision and Nielsen, companies announced. Pilot Hispanic service based on people meters is to be launched later this year in 200 Hispanic households in L.A. area. Study is to evaluate procedures to be used for recruiting participating households. National rollout involving 800 households is anticipated in 2nd half of 1990. Telemundo Mktg. Dir. Peter Roslow said rating service is expected to make Hispanic media more attractive to advertisers.

GE Americom announced 4 new cable programmers signed definitive agreements for 5 transponders on its next-generation satellites. Deal brings total number of transponders sold in last week to 21. Programming of Arts & Entertainment, Family Channel, Movietime and WWOR-TV Secaucus-N.Y. will be transmitted via GE Americom's Satcom C-3 and C-4, 2 next-generation satellites that company will launch in 1992. Terms weren't disclosed.

IEEE 39th annual broadcast symposium is scheduled for Sept. 21-22, Hotel Washington, Washington. Speakers include FCC Chmn. Alfred Sikes; FCC Chief Engineer Thomas Stanley; Advanced TV Systems Committee Chmn. James McKinney. Details: Steve Crowley, 202-223-6700.

TV sets now are in 92.1 million U.S. households, 98.2% of total 93.7 million, including Alaska and Hawaii, Nielsen reported. It said new figures showed increase of 1.7 million homes since Jan., first time Alaska and Hawaii were included in U.S. totals.

Prime Network and Raycom formed joint venture to telecast sporting events on cable and satellite, and will bid jointly for rights to additional sports broadcasts, they announced. Deal will allow Prime to carry selected Raycom games on its existing and planned regional cable sports networks, deliver them to other cable systems where there are no regional networks, provide games to satellite dish owners. Venture also will develop new cable programming based on Raycom's existing telecast rights, which include Atlantic Coast Conference, Big 8, Metro Conference, Southwestern Conference, Pacific 10, Big 10. At start, focus will be on college sports, Prime CEO Edward Frazier said, but "there are no limits when it comes to acquiring new programming." Raycom officials said venture won't interfere with its broadcast syndication rights or its agreement with national broadcast networks and ESPN. They also said it will have no effect on relationships with individual broadcast stations.

"Marketing: Selling the Values of Television" is theme of TvB convention Nov. 13-15, Century Plaza Hotel, L.A. TvB Pres. William Moll said marketing emphasis "will be a natural prelude to TvB's 'Turn on the Power'" campaign that starts in Jan. Moll said: "Today, television must contribute solutions to marketing problems rather than just sell time. To do this, stations must better understand the marketing philosophies of their advertisers. This meeting is designed to address that challenge." As part of that, TvB has sold 218 "Marketing and Sales Promotion" books (at \$64.50 each) to member stations in markets of all sizes (from N.Y. to Minot, N.D.) -- first of 8 such proposed books to help stations solve marketing problems and at same time to sell time to advertisers. Volume 2 of sales tool, "The Art of Selling Television," will be available at Nov. convention.

FCC won't stay effective date of syndicated exclusivity (sydex), Commission decided in order released Aug. 10. Commission, as expected, said expedited hearing schedule set by U.S. Appeals Court, D.C., will allow court action before Jan. 1 enforcement date of sydex anyway and petitioners for delay hadn't proved they would suffer irreparable harm if FCC didn't act. Oral arguments before Appeals Court are set for Oct. 16. Agency also said harm to others if sydex were delayed would outweigh harm to petitioners if it isn't. It said petitioners merely repeated earlier claims that FCC had rejected in making its original sydex decision and hadn't made strong showing they were likely to prevail on appeal.

Martha Lucerno, former anchorwoman-reporter for KMOL-TV San Antonio (1965-1977), is being pushed by Sen. Bentsen (D-Tex.) for one of 3 vacancies on CPB board. Lucerno also was developer and general partner of Four Seasons Hotel there, as well as a founder of Tex. gas exploration firm. White House has informed Bentsen's office that she's "a strong candidate" for board, Bentsen source said. Other previously reported candidates are Hallmark Cards executive Rae Evans and PTV station/network heads Henry Cauthen, Susan Farmer and Lloyd Kaiser. However, Farmer is viewed as more likely candidate for seat on 10-member board in 1991, when terms of 5 members expire.

Mich. Court of Appeals said local officials can regulate cable disconnect charges and advance notice for rate increases without violating Cable Act. Decision upholds lower court ruling in Comcast suit against city of Sterling Heights. Comcast had claimed state and local regulation of charges to disconnect premium services is prohibited under Cable Act, as is requirement for 90-day advance notice of rate increases. Court said definition of "rate" doesn't include all fees cable system charges.

Personals

Advanced to exec. vps-board members, MCA: Thomas Pollock, chmn., Motion Picture Group; Charles Paul, pres., MCA Enterprises... Ray Livesay, chmn., Livesay Radio Best. Group, to receive NAB's National Radio Award at Radio '89 convention, Sept. 13-16, New Orleans; Susan Grossberg, ex-American Psychological Assn., joins NAB as mgr.-media relations... George Hyde, regional vp-gen. mgr., WQBA-AM-FM Miami, and ex-NAB radio dir., named RAB exec. vp, succeeding Wayne Cornils.

Douglas Fleming, ex-Turner Bestg., appointed national sales dir., Adlink/NCA... Denis Maiorani, M/A-Com chief financial officer, also named senior vp-finance and administration, new post; added to M/A-Com board: John Lynch, ex-pres., Adams-Russell, now owned by M/A-Com, and Richard Hale, M/A-Com group vp.

Wayne Goodman promoted to senior asst. gen. counsel, Turner Bestg... George Arvanitis, ex-Turner Bestg., joins Consumer News & Business Channel as vp-sales, central region, Chicago hq... Jay Fine promoted to managing dir.-news production and technical services, NBC News... Daniel Springer, ex-Trans-Media, appointed dir.-corporate communications, International Best. Systems; Patricia de Barros, ex-Communications Partners Ltd., joins IBS as asst. to chmn... Robert Thompson, ex-law firm Wood, Lucksinger & Epstein, becomes of counsel to Pepper & Corazzini... Changes at Children's TV Workshop: Laura Walker promoted to vp-development; Pauline Brooks advanced to asst. vp; George Tressel, ex-National Science Foundation, joins as project dir. for proposed literacy series... Mark Feldman, ex-Home Team Sports, appointed dir.-marketing and promotion, WDCA-TV Washington... John Nash joins Communications Engineering as vp-engineering.

Tom Jacobson, ex-pres., Hughes Entertainment, joins Fox Film Corp. as exec. vp-production, new post... Michael Singer advanced to news dir., KCBS-TV L.A., succeeding Eric Sorenson, now vp-station mgr... Changes at Lifetime cable network: June Reutter, ex-Arthur Andersen & Co., joins as mgr.-financial reporting, finance and administration; Karen Campbell promoted to dir.-sales administration; Mary Trotta, ex-Showtime Networks, joins as mktg. mgr., Lifetime Medical TV; Joanne Wilczynski advanced to dir.-traffic; Beverly Surowiec, ex-Showtime Networks, joins as dir.-affiliate relations-eastern region; Christine Tsagaroudas promoted to mgr.-sponsorship sales... Ken Parks advanced to dir.-legal affairs, Warner Bros. TV.

Additions at Cal. Cable TV Assn.: Alan Gardner, ex-U S West, as vp-regulatory affairs; Susan Petoletti, onetime NBC Entertainment and Catholic Telecommunications Network of America, as dir.-member services and special projects... Leslie Sorg promoted to asst. vp, Phoenix Cable... Dan O'Brien, ex-WDCA-TV Washington and KCPQ Tacoma-Seattle, joins startup KTVD Denver as program dir.

William Armstrong advanced to acting pres., Canadian Bestg. Corp., succeeding Pierre Juneau, whose 7-year term expired July 31... Judy Siggins advanced to vp-local fund raising, WSKG-TV-FM Binghamton, N.Y... Christopher Ogden, ex-Mercom and Centel Cable, joins public TV's N.J. Network as dir.-underwriting... Promotions at Warren Publishing Inc.: Nancy Cramer to asst. dir.-market research and data sales; Susan Breig to production supervisor... Steven Goldman, ex-law firm Myerson & Kuhn, appointed regulatory attorney, McCaw Cellular Communications.

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Linda Button promoted to dir.-bestg. and creative services, WTVJ Miami... Barbara Earle, ex-Arcadian Pictures, joins National Geographic TV as dir.-development and special projects... Patsey Patsel, ex-Compact Video, named syndication distribution mgr.-satellite services unit, Great American Bestg.

Randy Douglass promoted to dir.-installations, Spectradyn... FCC calendar -- Aug. 14: Beverly Baker, deputy chief, Private Radio Bureau, opens discussion with Mexico on 821-824/866-869 MHz band reserved under 1982 agreement, Mexico City.

Prime Network will launch Prime Sports Network-Midwest in fall in partnership with ATC, Comcast and TCI, companies announced. Network, which will be basic service, will carry NBA Indiana Pacers, major college sports and other sports programming, Prime CEO Edward Frazier said. He said network at start will be available to estimated 3.2 million cable households in Ill., Ind., Ky., Mo., Ohio. It has rights to 25 Pacers games, but team said there will be no reduction in over-air broadcasts. Prime operates similar networks in Southwest, Fla. and Rocky Mountain regions. Frazier said Prime plans expansion into other TV markets, production of more sports programming, increase in satellite-delivered sports business, marketing of sports programming to home dish owners.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	JULY 22-28	1988 WEEK	% CHANGE	JULY 15-21	7 MONTHS 1989	7 MONTHS 1988	% CHANGE
TOTAL COLOR.....	554,676	575,286*	- 3.6	324,367	11,646,793*	10,348,154	+12.5
DIRECT-VIEW...	547,637	566,506*	- 3.3	321,690	11,539,580*	10,213,541	+13.0
PROJECTION....	7,039	8,780*	-19.8	2,677	107,213	134,613	-20.4
TOTAL VCR.....	301,259	395,691*	-23.9	168,623	5,459,734	5,975,146	- 8.6
DECKS.....	239,310	306,341	-21.9	131,734	4,444,869	5,042,668	-11.9
CAMCORDERS....	61,949	89,350*	-30.7	36,889*	1,014,865*	932,478	+ 8.8

Color TV 5-week moving average: 1989--412,144*; 1988--374,501 (up 10.1%).

VCR deck 5-week moving average: 1989--162,915; 1988--184,116 (down 11.5%).

Camcorder 5-week moving average: 1989--44,629; 1988--45,093* (down 2.9%).

* Record for period.

JULY SALES SLUMPED, EVEN FOR CAMCORDERS: July was total washout as far as video equipment sales to dealers are concerned, with every major product showing decline from same month of 1988 for first time this year. Camcorders had worst month since EIA began reporting sales figures in 1985, and even of direct-view color TVs -- among industry's strengths in first half -- were disappointing in July. Only positive note was that color TV sales in month still were running at record seasonally adjusted annual rate, although just barely.

Camcorder picture was particularly jolting, given product's growth record and high hopes industry places on it. July sales to dealers dropped 23.5% from July 1988 record, only 2nd monthly decrease ever and first since Jan. 1988. Cumulative camcorder sales, which had been running 25% above last year's sales earlier in 1989, were up only 8.8% for 7 months of 1989 to date. Sales fell by wide margin in 3 of 4 weeks, and lone weekly increase was just 0.5%. Seasonally adjusted annual sales rate for July was 1.8 million, lowest of year and representing 11.8% decrease from 1988's record 2.04 million. Annual rate for 7 months was respectable 2.4 million.

VCR decks had another sluggish month, dropping 23%, registering decreases for all 4 weeks. Deck sales declined in 5 of first 7 months in 1989, and cumulative total was off 11.9% in full period. Seasonally adjusted rate in July was 8.1 million, down 2 million from 10.1 million in June and lowest rate since 8 million in Feb. Rate for 7 months was 9.1 million -- 15% off 1988 pace.

Direct-view color TV sales had first monthly decrease of year, down 4.5% to 1,381,657. Sales were off 33.3% from preceding month, which had highest total of year. Color TV sales dropped in 3 of July's 4 weeks. Annual rate for July was 20.4 million, down sharply from yearly high of 24.1 million in June, but above the 20.2 million of 1988. Through first 7 months, annual rate was 22.4 million, down slightly from 22.7 million rate for first half.

Projection TV sales fell for 5th straight month, but 13.1% decline actually was improvement over earlier decreases. Sales fell in final 3 weeks of July following good start in first week. Seasonally adjusted rate for month was 274,066, 2nd highest of year, and through 7 months was 235,478. Projection TV sales to dealers totaled 301,784 in 1988.

Final week of July more or less summed up entire month. All products had decreases, with camcorders showing largest percentage decline and color TV smallest (see State of the Industry). Here are EIA sales-to-dealer figures for July:

Product	July 1989	July 1988	% Change	July 1987
Total color.....	1,398,238	1,465,774*	- 4.6	1,260,133
Direct-view...	1,381,657	1,446,698*	- 4.5	1,243,311
Projection....	16,581	19,076*	-13.1	16,822
Total home VCR..	675,610	878,728	-23.1	926,228*
Decks.....	537,408	698,049	-23.0	799,834*
Camcorders....	138,202	180,679*	-23.5	116,394

* Record for any July

Prospects for rest of year are unfathomable. However, signs appear to be turning up for rest of economy and predictions of 2nd-half recession are being withdrawn. While Aug. sales may offer clue to whether retailers are beginning to stock up for fall -- figures for Aug. 1988 (last time color TV sales were down) didn't -- real pattern for big selling season and prospects for full year won't become evident before Sept. figures are in.

MUSIC PUBLISHERS TO FIGHT 'BAD' DAT PACT: National Music Publishers Assn. (NMPA) last week backed up its dissatisfaction over agreement to permit sale of digital audio tape (DAT) recorders with threat of legal action (TVD July 31 p10). The 2 major music licensing organizations, ASCAP and BMI, endorsed NMPA's drive for legislation mandating copyright fees on tapes and recorders, but avoided criticizing agreement. EIA and RIAA seemed unperturbed by opposition and indicated their push for legislation mandating inclusion of Serial Copy Management System (SCMS) in DAT recorders was proceeding on schedule.

"No deal is better than a bad deal," NMPA Pres. Edward Murphy told us last week, referring us to prepared statement in which Assn. and licensing subsidiary Harry Fox Agency (HFA) vowed "to fight to prevent DAT recorders from entering the U.S., and to achieve just compensation for creative artists by pursuing appropriate measures through the Congress, the Administration and the courts, if necessary."

"We don't want to halt technology -- we just want to forge a permanent solution to the home taping problem that provides for reasonable royalties for writers and publishers," Murphy said. "As far as I can tell, the only parties this agreement protects are the giant record companies and the hardware manufacturers." Task at hand for NMPA and HFA, Murphy said, will be to launch "grass-roots awareness campaign to mobilize opposition to the DAT deal." They will decide further course of action before Congress reconvenes in Sept.

Murphy wouldn't tip his hand when asked to elaborate on measures NMPA might pursue to execute letter of pledge in prepared statement. Nor would he confirm or deny whether NMPA was prepared to assume RIAA's past pledge to sue any manufacturer that imports DAT recorders -- pledge that RIAA Govt. Affairs Senior Vp Hilary Rosen has said RIAA won't pursue because it will be too busy promoting SCMS legislation.

Major music licensing organizations tended to side with official NMPA position, but stopped short of attacking SCMS agreement. ASCAP Pres. Morton Gould, noting that his group will "support legislation which provides for reasonable royalties for writers and publishers," said "America should be a leader in copyright protection on all fronts. Home taping should not go without fair recompense for writers and publishers."

ASCAP's rival BMI assumed more conciliatory tone. "We are pleased by the spirit of cooperation between hardware manufacturers and record companies that produced the agreement on SCMS," it said. "Although this is a step in the right direction, songwriters still stand to lose significant income through [copying]. We are encouraged by the recognition of the importance of protecting musical copyrights, and urge that this hopeful dialog continues."

RIAA's Rosen and her EIA counterpart, Govt. & Legal Affairs Vp Gary Shapiro, took opposition of music publishers in stride, but worded their responses carefully. "I'm not surprised that a fringe group would step forward and register its opposition," Shapiro said, adding that drafting of bill has proceeded smoothly in preparation for its introduction through appropriate House and Senate committees in fall. Rosen concurred with Shapiro that drafting stage of bill has proceeded without hitch thus far. "I think the opposition of the music publishers is unfortunate," she said. Rosen added that RIAA "doesn't view royalties as being inconsistent with technological solutions to home taping."

RIAA Pres. Jay Berman has defended group's role in not pushing harder for royalties as part of DAT pact by saying deal with hardware manufacturers was best obtainable and in past Congress has not reacted favorably to RIAA's drive for royalties (TVD Aug 7 p13). RIAA has pledged to continue push for royalties (and EIA says it will continue to oppose them) but says it won't lobby for them until bill is passed mandating SCMS technology in recorders. SCMS allows digital copying of digital recorded music (CDs, prerecorded DATs, etc.) but bars digital copies of copies.

International Federation of Phonographic Industries (IFPI), which represented worldwide recording industry in meetings that reached agreement, teamed with 4 European music copyright organizations last week to issue "joint declaration" of support for July 28 DAT accord, but statement wasn't rubber-stamp endorsement. While urging adoption of SCMS provisions, the 5 organizations called on European Community (EC) to give further thought to provisions for recordable and erasable CD technologies -- "whose introduction onto the market is imminent" -- on issues of royalties and technological inhibitive devices such as SCMS.

July 28 pact had provision only for convening working group discussions on CD-E and CD-R between hardware and software contingents, but contained no specific recommendations other than tacit pledge among parties "to explore new ideas for new approaches..." Last week's joint declaration, issued on IFPI stationery, reiterated that "these new recording media will have a greater impact than... DAT due to the fact that Compact Disc players are already available on the market and the price of a double-deck CD-R recorder will be far lower than that of a DAT recorder."

CURTAIN GOES DOWN ON B&W TV SALES: Black-&-white TV effectively ended 40-year run as significant consumer electronic product in June, when sales to dealers dwindled to less than 5% of total TV units, according to EIA statistics released last week -- and just over 1% of TV dollar sales at factory level, based on our estimates.

For first half, monochrome TV set sales to dealers totaled 730,259, EIA said, down 41.5% from 1,247,427 in 1988 first half, representing 6.7% of total TV unit sales for Jan.-June vs. 12.3% in same year-earlier period. Monochrome sales showed progressive decrease below 1988 each month this year, starting with 25% drop in Jan. (when they were 10% of unit TV sales) and ending with 55% decline in June.

B&w sales were lowest for any first half since 1948. In 1949, they totaled just over million units, according to Television Digest estimates based on EIA (then Radio Mfrs. Assn.) data (TVD July 30/49 p5). That year was first in which TV sales exceeded million and was first year of TV as mass medium in U.S. Monochrome sales pushed to high of 8.4 million in 1965, but 3 years later color unit sales passed b&w.

It's not lack of demand so much as lack of supply of sets that killed b&w. Factors contributing to demise are unprofitability of monochrome in today's market, switchover of b&w tube production to computer monitors, continuing price declines of low-end color sets. Former monochrome buyers obviously are buying color sets, since total TV unit sales (direct-view and projection color plus monochrome) set all-time record for first half despite dwindling monochromatic content in mix. Here's table of b&w and total TV sales for first half of 1989 compared with 1988, from EIA data:

MONOCHROME AND TOTAL TV SALES TO DEALERS

Month	Monochrome TV			Total TV		
	1989	1988	% Chg.	1989	1988	% Chg.
January.....	154,421	205,968	-25.0	1,550,444	1,449,524	+ 7.0
February.....	122,149	180,337	-32.3	1,754,641*	1,534,023	+14.4
March (5 wks.)	126,347	208,150	-39.3	2,235,709*	1,949,299	+14.7
April.....	107,508	199,906	-46.2	1,579,153	1,669,764*	- 5.4
May.....	108,940	206,593	-47.3	1,629,741*	1,524,298	+ 6.9
June (5 wks.)	110,894	246,473	-55.0	2,229,126*	2,002,894	+11.3
TOTAL.....	730,259	1,247,427	-41.5	10,978,814*	10,129,807	+ 8.4

* Record for period.

Guidelines for testing performance characteristics of CD players are available as EIA Standard 560. Details: EIA Engineering Dept., 202-457-4975.

Correction: Radio Shack's 8mm camcorder is not made by Sony, as we surmised last week. We regret the error.

LASERDISC OPTIMISM: As videodisc approaches 11th birthday, Pioneer and Sony are expressing optimism about growing U.S. videodisc and player market. In reports from Japan, they said they plan to introduce lower priced players here in Sept. Capacity of Pioneer's Carson, Cal., plant has been doubled to 600,000 discs monthly, and Sony is planning to produce 100,000 monthly at CD plant in Terre Haute starting early next year (TVD Aug 7 p4).

Pioneer, which introduced lowest priced laserdisc-CD combination player at \$600 last May, will begin marketing new laserdisc-only model at \$500 this month and reportedly already has orders for 2,300 units, while 5,000 of new Sony combination model at \$700 list are on high seas headed for U.S.

Production of videodisc players is expected to hit one million for first time in Japan this year, about 700,000 to be sold on domestic market, up from 500,000 last year. Of projected total U.S. player sales of 130,000 this year, Pioneer says it expects to sell 100,000. In Japan, company said Pioneer player sales in U.S. hit 12,700 in July.

In U.S., Pioneer Senior Vp Michael Fidler said dealer response to advance showing of \$500 model has "exceeded our expectations." He foresaw "strong and successful selling season," with double number of storefronts this year. He noted that many consumers who visit stores to buy CD player leave with combi CD-LD player.

Both Sony and Pioneer expect to increase player sales in Europe, where product has been notably unsuccessful so far. Pioneer hopes to revitalize stalled market with introduction at Berlin show, starting next week, of combination CD player that can play either PAL or NTSC discs through either type of TV set, opening vast library of NTSC discs to European market.

In England, meanwhile, Polygram officials for first time are blaming Blackburn pressing plant -- owned by own affiliate Philips & DuPont Optical (PDO) -- for spoiling launch of CD Video in Europe. Polygram International Pres. David Fine conceded that "we still have production problems at Blackburn -- the discs are not yet to our satisfaction, so there has been a hiatus." He declined to be definite, but added that "next year might be the year" problems are overcome.

Because so many of Blackburn's masters have been faulty, worthwhile quantities of discs couldn't be produced to accompany launch of CDV, and under those circumstances neither movie nor record companies considered it worthwhile to offer releases on 12" or 5" discs. But jinxed Blackburn facility isn't only potential source of PAL discs. Polygram is negotiating with both Pioneer and Sony to produce them outside Europe. Pioneer announced recently that its Carson plant now can press PAL discs.

Laserdisc production by Pioneer in Japan will be increased to 2.3 million discs monthly from current 1.8 million, with further jump to 3 million in March. Announcement was made at opening ceremony for new \$42.3 million mastering plant.

Toshiba will build its first overseas consumer electronics R&D center at Lebanon, Tenn., plant site, where it makes TVs and microwave ovens. It's part of plan for strengthening integrated U.S. organization to include development as well as manufacturing and sales. Toshiba America said it could supply no details on report, which originated in Japan.

JVC MALAYSIAN VCRs COMING: JVC is shifting all low-end VCR production for U.S. market to new \$15 million Malaysian plant (TVD July 10 p11), which primarily has been making printed circuit boards (PCBs), but which started production of complete VCRs in April.

Current output of finished VCRs is 5,000 monthly, JVC spokesman told us, but this will be doubled. He said 10,000 monthly goal reflects number of low-end VCRs JVC has been shipping to U.S. from Japan and, in response to our question, doesn't indicate addition of any new OEM customers. JVC-made VCRs are sold here mainly by Zenith and JVC. Units being produced in Malaysia are 2-head monophonic models, formerly made at plant in Yokosuka, Japan, that now will be used for increased output of VHS Hi-Fi and S-VHS recorders. Malaysian plant also will make PCBs for VCRs to be sold in Japan and Europe.

Sony recently announced plant to make VHS recorders for export to U.S. and Europe as part of \$60 million expansion in Malaysia (TVD July 10 p11). Hitachi started Malaysian production of PCBs for VCRs at beginning of last year. Reports in Japan indicate Malaysian VCR output by those 3 companies could exceed million in 1990.

Most recent Commerce Dept. data, covering Jan.-May, indicate no VCR imports from Malaysia in period but 142,600 from Thailand and 11,351 from Singapore. It's not known which companies are shipping VCRs here from those countries, but it's known that Thomson has been planning Singapore VCR plant and Shintom has had one under consideration. Toshiba has been considering Indonesia, Singapore and Thailand for VCRs, while Goldstar has mentioned Thailand as possibility for offshore VCR production.

Electronic components were Malaysia's largest export product sector in 1988, at \$3 billion, up 27% from year earlier. U.S. companies in Malaysia accounted for \$1.8 billion of total. Consumer electronics exports totaled \$912 million.

New "brain" for more sophisticated consumer electronic products should result from license for Philips Components to design and market 32-bit microprocessors based on Sun Microsystems' SPARC architecture. Among most powerful chips designed, 32-bit SPARC will replace 8-bits now in use, leading to new generation of intelligent consumer products, Philips believes. They're expected to be built into such products as interactive video systems, CD players, improved definition TVs, etc. Philips said it was joining board of Sparc International, consortium to establish Sparc as world standard for RISC (reduced instruction set computing) microprocessors.

Underwriters Labs (UL) and British Standards Institution (BSI) last week signed agreement designed to help worldwide manufacturers gain access to European Community after 1992. Accord will lead to acceptance of each other's evaluation of manufacturers' quality systems for registration under International Standards Organization's 9000 series quality assurance standards.

THIS WEEK'S YEN RATE

Yen value has been converted to dollars in this week's issue at 139 yen = \$1, except where noted.

PHILIPS NET UP 94%: Strong U.S. consumer electronics sales were hailed by Philips in issuing financial statement showing consolidated net income jumped 94% in 2nd quarter ended June 30, on 4% higher sales (see financial table). In 1989 first half, net rose 36% on 3% sales increase. Excluding effect of deconsolidation of major domestic appliances building, first-half sales rose 11% in tear, Philips said. Of that increase, 4% was attributable to exchange rate movements.

Philips said all product sectors contributed to sales growth, with consumer products sector increase "above average for the Philips Group." In U.S., consumer products gain was "appreciable," with color TV receivers, monitors and CD players selling particularly well, company said, but growth in components sector was below average. Sector was plagued by "considerable fall in prices, especially for integrated circuits."

In 2nd quarter, operating income fell 25% to \$240.8 million. Decrease was blamed on lower sales of professional electronic products and restructuring of medical systems operations.

Dutch company forecast operating income would rise in full year and net earnings from normal operations would show "substantial improvement" over year earlier. It said restructuring efforts in consumer electronics are beginning to pay off in improved income. Inventories as percentage of sales were 26.2% at end of June. Number of worldwide employees was down 2,400 since Jan. 1.

Philips revealed that it may sell off minority share of its Polygram record company this year through public offering. Proceeds would help finance Polygram's recent purchase of Island Records for \$324 million.

TDK consolidated net earnings rose 8.2% in first quarter ended June 30 on 7.6% higher sales. Company attributed results to strong demand for electronic materials and components and stable exchange rates. Sales of recording media fell 3.2% to \$256.3 million (144 yen = \$1). TDK said overseas videotape sales were "slow" and sales in Japan "steady." Sales by Electronics Materials and Components Div. were \$522.5 million, 67.1% of all sales. Overseas sales were \$354.2 million -- 45.5% of total.

Recoton net plunged 50% in 2nd quarter ended June 30 on 20% higher sales. In first 6 months, net rose 3.3% on 11% higher sales. Pres. Robert Borchard said demand was strong for video, audio, home office, phone and computer products. Products introduced in 2nd quarter, including CD laser lens cleaner and camcorder accessories, added to sales increase. Recoton has preliminary agreement to acquire Calibron, Fla.-based maker of stereo headphones and consumer electronics accessories.

Pioneer revised forecast for parent-only results for first 6 months through Sept. 10. Company expects sales to total \$1.25 billion -- 18.6% increase over year-earlier period. Projected net profit is \$74.3 million, up 99.8%. Pioneer in May had estimated first-half profit of \$68.6 million, on sales of \$1.11 billion. Higher forecast follows "remarkably good sales of audio and car electronics products both in North America and Europe," and CD/CDV/LD players in Japan.

Acclaim Entertainment announced one-for-2 reverse stock split of its common. Number of authorized shares of common will be reduced to 50 million from 100 million.

NINTENDO vs. VIDEO RENTERS: Nintendo last week succeeded in obtaining injunction in first of what could be numerous lawsuits in its attempt to stop growing rental of its game software by video dealers. Because renting games is not illegal per se, Nintendo made end run by suing Blockbuster Entertainment chain for illegally copying videogame instruction manuals. Court ordered Blockbuster Entertainment to stop making and distributing copies of Nintendo instruction manuals.

Latest legal battle may be preview of long-term copyright protection war between videogame makers and video software rental industry. Nintendo wants Congress to ban rental of videogames and computer software games, and is strongly backing Senate bill that would give computer manufacturers right to prevent rental of their programs to avoid illegal copying (TVD June 26 p15).

Software dealers, represented by VSDA, are fighting just as hard to block bill's applicability to videogames. Pres. Lou Berg, in speech to VSDA convention in Las Vegas last week, said that in proposed legislation "we may be facing the most crucial issue since the fight to preserve the first-sale doctrine... With our members' support -- writing letters and making phone calls -- VSDA will win the war to maintain the right to rent videogames." Assn. said it won first round last month when Senate Copyright Subcommittee approved bill with amendment excluding videogames.

In copyright infringement lawsuit filed in U.S. Dist. Court, Newark, against Blockbuster, Nintendo sought injunctive relief and damages because of "unauthorized photocopying of Nintendo videogame instruction manuals, and the distribution of these copied manuals to consumers when Nintendo videogames are rented at Blockbuster video rental outlets." Nintendo said it will "seek damages to the fullest extent allowable" for Blockbuster action.

Blockbuster said it notified its store managers and franchisees to "stop immediately the copying of instructional booklets issued along with the rental of Nintendo videogames," and court accepted that as basis for preliminary injunction.

Blockbuster said it will continue to rent Nintendo games. "We feel that the action by Nintendo is a reflection of the frustration they feel as a result of their failure to date in getting congressional sanction to ban the rental of Nintendo games," National Development Vp Robert Guerin said. "Video retailers have been renting Nintendo games, and legally so, for nearly 2 years. During this time, Nintendo has enjoyed explosive growth. We believe that this success is due in part to the rental activities of video retailers."

Nintendo said similar suits will follow. "We understand that video rental outlets across the country may be photocopying Nintendo game instruction manuals," Gen. Counsel Lynn Hvalsoe said. "We intend to stop this illegal practice. This lawsuit is the first of those which Nintendo will commence to stop this illegal practice." It's not known how many software dealers are renting games.

Homework First, device that locks control deck of Nintendo Entertainment System, preventing insertion of videogames, has been introduced by Safe Care Products Inc., Dundee, Ill. Product, at \$22, has combination lock to block chamber where cartridges are placed and is designed as "simple solution to the problem of videogame addiction," Safe Care said.

SOFTWARE MARKET SHARES: Led by Paramount, Warner and CBS/Fox, U.S. home video program revenues at supplier level hit about \$1.4 billion in first half of year, according to joint survey by our companion Video Week newsletter and Video Store magazine. That's 10% above estimate for comparable 1988 period, whose total figure has been readjusted to \$1.275 billion.

Sellthrough continued to gain, sales increasing about 20% to \$360 million from year-earlier \$300 million. Category accounted for 26% of total revenues, up from 23.5% in 1988 first half. Revenues from rental releases surpassed \$1 billion mark at \$1.04 billion, up 6.7% from \$975 million.

Most dramatic change has been growth of studios at expense of smaller independents. Largest 3 suppliers didn't change, although CBS/Fox dropped to 3rd place after tying with Paramount for top spot and Warner moved up from 3rd to 2nd because -- as one distributor said -- "they have more titles than anyone else." Combined share of top 3 rose to 32.6% from 28.2%. Top 11 suppliers had total share of 81.5%, compared with year-earlier 74.7%.

"All other" category of suppliers with less than 1% market share dropped to 7.7% from year-earlier 13.2%. Missing from list this year is Lorimar Home Video, which had 4.4% share and was absorbed into Warner Home Video last fall as part of Lorimar Telepictures merger into Warner Communications.

Here are estimates of supplier market shares for 1989 first half. Figures, based on interviews with distributors and rackjobbers, are for U.S. only, don't include Canada. First-half 1988 numbers for some suppliers have been revised based on subsequent information released in financial reports.

Video Week/Video Store Midyear 1989 Market Shares
(dollars in millions)

	% 1989	% 1988	\$ 1989	\$ 1988
Paramount.....	11.3	9.5	158.2	121.1
Warner.....	11.1	9.2	155.4	117.3
CBS/Fox.....	10.2	9.5	142.8	121.1
Buena Vista....	9.3	7.5	130.2	95.6
MGM/UA.....	6.9	4.6	96.6	58.6
MCA.....	6.5	4.9	91.0	62.5
RCA/Columbia...	6.4	5.0	89.6	63.7
Media.....	5.8	3.7	81.2	47.2
Orion.....	5.4	4.5	75.6	57.4
IVE.....	4.3	2.6	60.2	33.2
Vestron.....	4.3	7.8	60.2	99.5
HBO.....	2.6	7.8	37.8	99.5
New World.....	2.2	2.4	30.8	30.6
Virgin.....	1.9	1.6	26.6	20.4
Goodtimes.....	1.7	2.8	23.8	35.7
Nelson.....	1.4	3.0	19.6	38.3
Video Treasures	1.0	—	14.0	—
All others.....	7.7	13.2	107.8	168.3

Recoton has agreed to acquire all assets of Calibron Inc., Orlando, privately owned maker of stereo headphones and consumer electronics accessories. Terms weren't disclosed. Transaction is expected to close in Sept.

Pentax introduces high-end camcorder with 3-lux sensitivity, 8:1 zoom, 3-speed shutter, time-lapse recording, editing feature, fade, speaker. No suggested list price was given for Hitachi-made model.

VIDEOTAPE USERS SURVEYED: Recording of movies is primary use for blank videotape, according to nationwide market research study on consumer behavior and attitudes toward videocassettes, commissioned by Fuji Magnetic Products Div. in conjunction with ad agency Hal Riney & Partners.

Movie recording was cited by 72% of respondents as one use for tape. Other major uses are recording of sporting events (28%), weekly prime-time TV programs (21%), children's programming (17%), variety shows/specials (16%), soap operas (15%).

Other findings: 56% of videotape brand selections are made by men vs. 44% of women, and men purchase 53% of tapes vs. 47% by women; 58% of blank videocassette users record at least once a week and 15% record on daily basis; on average, consumers buy 14 blank tapes annually, 3 at a time, 4 at a time for heavy users; consumers maintain inventory of 4 unrecorded tapes at home; 37% purchase videotapes at discount stores, 26% at department stores, 20% at record/video specialty stores, 7% at drug stores, 4% at supermarket/grocery and 6% in other stores.

Standard grade videotape is choice of 21% of respondents, while 24% said they opt for super high grade or high grade, 8% Hi-Fi videocassettes. Most (52%) said blank tapes are planned or considered purchase, and 35% said they buy tapes on impulse only after they have entered store.

Majority of consumers (63%) base decision to buy videotape on picture quality, 60% on value for price, 56% on sound quality.

Ads & Promotions: Sharp plans new TV and print ad campaign for business products in summer and fall with theme "Sharp Means Business." Company co-sponsored first N.J. Nets Academic Awareness basketball camp for high school students... Olympus sponsors video and photography exhibit at International Museum of Photography, George Eastman House, Rochester, N.Y... Home electronics will be a key ad category for Time Inc.'s new magazine Entertainment Weekly, company said... Celestion appoints Hakuhodo Adv., N.Y., as ad-PR agency for hi-fi... Alpine Car Audio Div. names Campeau PR agency... Pioneer is displaying custom-built digital surround sound theater in N.Y. and L.A. malls through Nov. 12 to demonstrate laser videodisc products... BASF offers consumers oak storage rack with purchases of 10 BASF chrome audio tapes or 20 ferro audio tapes... Fuji Magnetic Products Div. in fall promotion offers consumers \$5 "Super Savings" checks good for Fuji audio and videocassettes with purchase of 2 Fuji T-120 HQ or T-120 SUPER HG videocassettes.

July retail report: Circuit City July sales totaled \$160.9 million, up 15% in year. Same-store sales fell 4%. Circuit City opened 3 superstores in Tampa area in month... Highland Superstores reported July sales of \$65.7 million, down 11%, with same-store sales off 16%. In 2nd quarter ended July 30, sales fell 5% to \$198.5 million... Montgomery Ward, which reported 0.5% increase in sales, said electronics sales rose in month... Best Buy posted 2% decline in July sales to \$40 million. Same-store sales dropped 4%. Through first 4 months of fiscal 1989, Best Buy sales dropped 3.9% to \$147 million. Company signed leases for 4 new stores in Midwest, to be opened in fall, and opened one in Kansas City... Sears Merchandise Group sales rose 0.4% in July... Tandy spokesman said firm will announce sales results on quarterly basis only, beginning in Oct.

DEFECTIVE VIDEOCASSETTES: Among hottest topics of VSDA convention in Las Vegas last week was videocassettes themselves, rather than their content or way they're distributed and marketed. In spotlight were defective tapes and splicing or dubbing local ads on prerecorded cassettes.

Problem of defective tapes or those damaged by consumers was subject of hastily called meeting of 25 dealers, duplicators, studio executives, distributors. Although they acknowledged manufacturers are responsible for small number of defective tapes, focus appeared to be on problem variously termed "field damage" or "consumer abuse." JVC, which has been testing quality of cassettes duplicated by companies not authorized to use VHS logo, wasn't invited to meeting. However, VSDA officials indicated they would work with company in future.

While duplicators estimated defective rate runs 0.25-1% at manufacturer level, retailers are having problems with "significantly more than 1% of transactions," VSDA Exec. Vp Pam Horovitz said. Aging VCR population and influx of less technically minded video consumers have caused "upswing" in consumer abuse of rental tapes, she said. At same time, preliminary results of test conducted by Advanced Product Evaluation Laboratory (APEL) for JVC showed 30 of 100 new cassettes purchased at random had problems, such as excessive dropouts, tape edge damage, poor recording quality.

Those at meeting agreed to form 3 committees to explore possible solutions to defective problem: (1) Working on educational campaign that could include point-of-purchase materials and messages on VCR care at start of movies. (2) Formulating distinction between manufacturer defect and consumer abuse. (3) Developing test of cooperative defective return policies such as no-fault, limited warranty or shared cost on dealer's part.

Virgin Vision announced "clean deal" promotion with Discwasher to combat "home-inflicted damage" of rental tapes. Company will pack 2 Discwasher dry head cleaners valued at \$13.90 wholesale and \$10 coupon toward additional head cleaners with twinpack of 2 Nov. and Dec. releases. Dealers can offer consumers head cleaners for sale, rent or free loan. Discwasher head cleaners can be used up to 60 times and can track number of uses, Pres. Ken Thomson said. In response to question on overuse of head cleaners, he said company "had to go through 600 hours of continuous use to even begin to scratch the VCR heads." Discwasher products will be featured at end of public service spot preceding Virgin titles. Team-up with Virgin also provides Discwasher with entry into video distribution accounts, at least for promotion period, Discwasher Pres. Ken Thomson said.

EIA is working on industry white paper on head cleaners that it hopes will be released by Jan. Consumer Electronics Show in Las Vegas, Thomson said.

APEL videocassette testing for JVC found majority of problems were in under-\$15 tapes, but APEL Pres. Frank Barr stressed 100-tape sample doesn't represent cassette universe. "We found the majority of the problems in the cheaper tapes, but that may or not be the rule," he said.

Most controversial exhibitor at VSDA convention clearly was Video Air Time (VAT), Midland, Tex.-based franchisor which was promoting idea of running local commercials on home video releases. In addition to legal problems, some suppliers were concerned about damage to consumers' VCR heads because VAT splices commercials into cassettes,

fearing this in turn could damage more cassettes in retailer inventories. However, Frasier said VAT tests involving 3,000 rental tapes over more than 8 months haven't caused any problems.

Top engineer for major VCR manufacturer said splice won't hurt machine if done "absolutely correctly -- but this is hard to do." He described correct splice as opening cassette by removing screws, splicing tape carefully, then returning all parts to cassette and closing up case. He cited possible problems such as creased tape that's been pulled out of cassette by forcing hinged lid and clogged VCR head from contact with sticky part of splicing tape. VAT splicing process, which doesn't involve opening cassette, takes only 3 min. when done manually, 20 sec. with automated equipment, Franchising Vp Terry Mathis said.

(Complete coverage of VSDA convention is featured in current issue of Video Week. For complimentary copy, call our Washington office at 202-872-9200.)

Tape manufacturer Shape, which has been under Chapter 11 since Nov., will file reorganization plan this winter, COO Michael Thomas told us. Maine company, concentrating on "core businesses" after financial problems caused by expansion and debt structuring, introduced new VHS cassette at Video Software Dealers (VSDA) convention in Las Vegas last week. Company touted "design innovations," such as one-piece reel lock mechanism, one-piece door latch and patented leaf spring to provide even tension on internal reels in new tape. JVC-licensed company hopes to expand manufacturing capacity to 50 million tapes over next 2-1/2 years. "We've had extremely heavy R&D efforts in our present lines," Thomas said. "For a company that was in bankruptcy with the size and structure of Shape, the tendency would have been to sell off divisions. But all during this period, we have never once not shipped on time to any customer. In fact, we've actually increased quantities to customers who desired the new product."

China is unlikely to be able to continue program of economic reform for next few years, according to report by CIA for Subcommittee on Technology and National Security of congressional Joint Economic Committee. Inflation will remain serious problem, report said, and China's ability "to draw on foreign resources to alleviate domestic shortages, promote exports and fund infrastructure and industrial projects has been diminished by the reluctance of foreign businessmen and governments to sign new investment and loan agreements." Meanwhile, there are reports that exports as well as domestic sale of Chinese color TVs (TVD Aug 7 p15) have slowed and some plants have stopped producing them or are searching for new products as substitutes. China Newsletter Electronics said Fujian Hitachi joint venture has stopped production of 20" color and quotes other factory officials as saying that most Chinese TV plants aren't efficient enough to compete in export market.

Panasonic customers responding to newspaper ads soliciting claims for refunds on 16 products (TVD July 24 p15) received written notice last week of company's settlement with attorneys general of 49 states and D.C. for alleged retail price fixing scheme. Packet mailed to callers of toll-free number contains claim form asking name and location of store where product was purchased and serial numbers, but doesn't ask for receipt for processing claim. Deadline for submitting form is Nov. 2. Notice adds that settlement hearing on case has been scheduled for Jan. 3, 1990, in U.S. Dist. Court, N.Y.

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			
1989-6 mo. to June 30	102,388,000	21,677,000	7.93*
1988-6 mo. to June 30	69,573,000	(393,000)	--
1989-qtr. to June 30	49,496,000	6,991,000	2.50*
1988-qtr. to June 30	39,791,000	663,000	.10
Commodore International			
1989-year to June 30	939,700,000	51,300,000	1.59*
1988-year to June 30	871,100,000	55,800,000	1.75*
1989-qtr. to June 30	180,300,000	(8,900,000)	--
1988-qtr. to June 30	215,200,000	12,200,000	.38
Dynascan			
1989-6 mo. to June 30	112,887,000	1,492,000	.22
1988-6 mo. to June 30	94,922,000	2,047,000	.29
1989-qtr. to June 30	62,299,000	565,000	.08
1988-qtr. to June 30	50,642,000	1,145,000	.16
Esquire Radio & Electronics			
1989-6 mo. to June 30	19,764,000	306,000	.63
1988-6 mo. to June 30	36,003,000	1,004,000	2.08
1989-qtr. to June 30	9,818,000	142,000	.29
1988-qtr. to June 30	14,331,000	388,000	.81
Outlet Communications			
1989-6 mo. to June 30	49,153,000	14,942,000	2.28
1988-6 mo. to June 30	49,373,000	(12,104,000)	— ^b
1989-qtr. to June 30	26,673,000	(1,908,000)	--
1988-qtr. to June 30	27,783,000	(2,819,000)	— ^b
Philips NV^c			
1989-6 mo. to June 30	12,298,000,000	215,023,000	.76
1988-6 mo. to June 30	11,954,000,000	158,685,000	.62
1989-qtr. to June 30	6,362,000,000	110,329,000	.36
1988-qtr. to June 30	6,122,000,000	56,808,000	.22
Recoton			
1989-6 mo. to June 30	18,009,000	249,000	.12
1988-6 mo. to June 30	16,180,000	241,000	.11
1989-qtr. to June 30	8,387,000	14,000	.01
1988-qtr. to June 30	7,014,000	28,000	.01
Scientific-Atlanta			
1989-year to June 30	546,763,000	36,287,000	1.53
1988-year to July 1	508,587,000	29,670,000	1.25
1989-13 wk. to June 30	158,373,000	10,708,000	.46
1988-13 wk. to July 1	127,835,000	8,092,000	.34

Notes: *Includes special credit. ^bRestated.

Better Business Bureau finally is challenging national ad that has been causing snickers for months. It offers "indoor TV 'dish' antennas" for \$10. Ad, also exposed in Aug. Consumer Reports, advertises "no cable fees because you're not getting cable... no satellite fees because you're not using satellite technology or service... works entirely via proven 'RF' technology -- actually pulls signals right out of the air." BBB of Metropolitan N.Y. charged ad uses literally true statements that may mislead consumer. It said advertiser RBM is trade name of Direct Marketing Enterprises Ltd., Westbury, N.Y., "which is rated unsatisfactory by the BBB."

Fairchild Publications' Automotive Electronic News was given until Oct. 1 to eliminate either "Automotive" or "News" from its title by U.S. Dist. Court in Ann Arbor, Mich. Ruling came after 16-day trial in infringement suit brought by Crain Communications, publisher of Automotive News.

"Fault-free" warranty offered by Kyocera on Yashica camcorders at \$200 suggested list covers all possible problems and damage (including "impact, sand, water, etc."), plus 3 years on parts and labor. Standard warranty with camcorders is one-year parts and labor.

Consumer Electronics Personals

David Bearden appointed Quasar Sales Div. gen. mgr.; he continues responsibilities for corporate communications & PR... Emiel Petrone, Polygram CD Video exec. vp, adds post of sales and distribution senior vp, American Interactive Media (AIM), Philips-Polygram joint venture for Compact Disc-Interactive software development; Richard Arroyo, ex-Hill & Knowlton, joins AIM as mktg. senior vp; David McElhatten advanced to AIM program design vp;... Chris Gilbert named Sparkomatic Canada national sales mgr., continues as eastern regional sales mgr... Charles McNulty, ex-Epson American, joins Packard Bell as business products national sales dir... Rod Bolton, Electronic Solutions CEO-pres., elected chmn., American Electronics Assn.'s Systems/USA Conference Advisory Board... D.N. Ghosh, former exec. chmn. of State Bank of India, elected chmn. of Philips India, succeeding Jan Bergvelt, who continues as managing dir.-CEO.

Richard Klinger, former independent producer for Taft Entertainment and ex-RCA Video, joins King World as pres. of new Home Video Div... Harold Weitzberg, ex-CP Video and Karl-Lorimar Home Video, named Wood Knapp Video sales dir., replacing Rick Margolis, resigned... Meril Weinstein, ex-Leonard Garner Productions, WW Entertainment and Best Film & Video, joins VSDA as member services dir., replacing Linda Lauer, promoted to exec. dir... Appointments to VSDA board: Commtron Pres. Gary Rockhold and Video Channels Pres. Paul Pasquarelli to 2-year terms; Warehouse Entertainment's Scott Young, one-year.

July retail report: Circuit City July sales totaled \$160.9 million, up 15% from July 1988. Same-store sales fell 4%. Circuit City opened 3 superstores in Tampa area in month... Highland Superstores reported July sales of \$65.7 million, down 11%, same-store sales down 16%. In 2nd quarter ended July 30, sales dropped 5% to \$198.5 million... Montgomery Ward, which had 0.5% increase in sales, said electronics rose in month... Best Buy posted 2% decline in July sales to \$40 million. Same-store sales dropped 4%. Through first 4 months of fiscal 1989, Best Buy sales fell 3.9% to \$147 million. Company signed leases for 4 new stores in Midwest, to be opened in fall, opened store in Kansas City... Sears Merchandise Group sales rose 0.4% in July.

Fuji Magnetic Products introduced Super-VHS-C videocassette with 30 min. of recording time in SP mode and 90 min. in EP mode. at Video Software Dealers Assn. (VSDA) show, uses newly developed, ultrathin polyester base film. Fuji also introduced high-band 8mm metal (Hi8) videotape and S-VHS videocassette for professional use. Meanwhile, Matsushita plans to unveil S-VHS-C videocassette, which also records 30 min. in SP mode and 90 min. in EP, in Japan Sept. 1. Matsushita also will bring out new 20-min. S-VHS-C and 20-min. VHS-C tapes, priced 10-23% lower than current tapes. JVC also plans 30-90-min. S-VHS-C tape in Sept. (TVD June 26 p15), as do other manufacturers.

Mitsubishi 3 Diamond Card promotion generated \$22 million in sales, company said. Promotion ran June 22-July 5, offered buyers of audio and video products 6-month, no-interest financing. In next card promotion, which begins this month, customers can use big-screen TV on trial basis for 30 days.

TELEVISION DIGEST®

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With Consumer Electronics

AUGUST 21, 1989

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

SIKES SETS 4 GOALS: Tells employes that promotion of international competition, effective and adaptive regulation, efficiency in allocations, promotion of interests of American people, are top priorities. (P. 1)

DEADLINES LOOM for Comedy Channel. HBO officials confident carriage agreements are nearing, but operators want more time. Deals for Viacom's Ha channel no closer, but launch isn't until April. (P. 2)

NAB SEEKING BETTER DIARY: Test of 40 households in Lansing 'encouraging.' New proposal due from Mich. State U. before further tests on personal diary. Exec. Committee actions. (P. 4)

BROADCASTERS BACK SYNDEX: Appeals Court told that syndex would encourage, not stifle, speech. NAB, INTV, MPAA, others attack economic study that was basis of 1980 syndex repeal. (P. 5)

CTAM FOCUSES ON HOW-TO: Annual conference looks at practical ways to increase cable penetration and attractiveness. CTAM will avoid vendor-sponsored extravaganzas. No big news splashes expected. (P. 6)

EDUCATIONAL TV ADVANCES: Whittle places largest TV order ever for its commercially sponsored school TV network. Cable industry launches its own educational programming. GTE will deliver programs to 5,000 school districts. (P. 7)

SIKES SETS 4 GOALS FOR HIS FCC STEWARDSHIP: Addressing FCC employes Aug. 16, new Chmn. Sikes outlined 4 major goals for Commission under his administration. He also said he hopes to have Touch-Tone phones installed throughout agency by end of year to improve service to licensees, parties, public. Chmn. met with employes in 2 sessions in Fine Arts Theater in FCC building, and his message reportedly was very well received. "He really Siked employes up," one agency official said. "He's doing all the right things so far, like his walking tour of the bureaus," another told us. Sikes goals:

(1) To promote "an internationally competitive, innovative and excellent American communications system." He cited as examples teleducation and delivery of "next generation of TV [HDTV]" in way compatible with U.S. culture and technology.

(2) To provide "effective and adaptive regulation" while eliminating rules unnecessary or adverse to public interest. "We need a regulatory framework that offers incentives for established companies to expand and to innovate and an environment without barriers to new entrance."

(3) To promote efficiency in allocations, licensing, use of spectrum.

Consumer Electronics

ZENITH AND TOSHIBA off price-fixing hook as N.Y. state tells them no action is contemplated now. Probe of at least 3 more companies continues. (P. 9)

PHILIPS COUP--\$150 MILLION contract for Whittle school TV system, involving 300,000 TV sets in one year. New line to make 400,000-500,000 sets annually. (P. 9)

COLOR TV SALES UP 12% in 1988-1989 model year to record, 10th straight increase over preceding year. Total TV sales hit record 23.9 million. (P. 10)

NINTENDO EXPECTS interactive videogame and entertainment network with AT&T by 1991. Official says companies have clarified roles in project. (P. 11)

DARPA IN CONTRACT TALKS with 5 HDTV grantees, but amount of funding remains open pending congressional action on Defense Dept. budget. (P. 12)

500,000 LASERDISC PLAYERS will be in use by year-end, says Pioneer, which hopes to sell 100,000 through 3,000 storefronts this year. (P. 12)

NEXT TUBE SIZE IS 33", to be produced in Japan by Hitachi by year-end in inch-by-inch escalation. (P. 12)

MEXICO LED IMPORTS in May, accounting for 42.5% of all color TVs shipped to U.S. Color shipments from south of border up 80.7% from last year. (P. 13)

(4) To protect and promote "vital interests of the American people in international communications and competitiveness. We are in an international economy among equals; we no longer dominate. The FCC must facilitate competitiveness by making sure American companies are not handicapped" in international marketplace.

Sikes was sworn in formally as FCC member Aug. 18 in Indian Treaty Room of Exec. Office Bldg. with U.S. Supreme Court Justice Antonin Scalia officiating. His chief Senate supporter, Sen. Danforth (R-Mo.) -- for whom Sikes worked in home state -- made brief speech, said he was put "on the griddle" during confirmation process over issue of indecency on TV (TVD Aug 7 p1). Turning to Sikes, senator asked: "Now that you're chairman of the FCC, what have you done about it?" Sikes told about 75 invited guests that U.S. govt. "must act effectively or the U.S. will lose its place as a front-runner in [international] telecommunications."

Another new commissioner, attorney Sherrie Marshall, will be sworn in informally at 11 a.m. Aug. 21 (today) by Comr. Quello (who also did original honors for Sikes 2 weeks ago) in her new FCC office (Rm. 826), to be followed by formal ceremony in Sept. Lisa Hook, aide to ex-FCC Chmn. Patrick, will be Marshall's senior legal adviser. Peter Ross will come with Marshall from Washington law firm Wiley, Rein & Fielding as her counsel on mass media matters. Confidential asst. will be Patricia Hunter, who was Marshall's secy. when she worked for Patrick. Third new commissioner, Ill. Commerce Commission member Andrew Barrett, plans mid-Sept. swearing in.

Meanwhile, another key FCC staffer has joined several others who announced their intentions to leave agency (TVD Aug 14 p3). Common Carrier Bureau Chief Gerald Brock said he will resign "sometime in the fall." Brock, who in past has said he would like to stay, said he would leave "after an appropriate transition" to new chief to be appointed by Sikes. "I don't need a long period to make it clear it's best for me to move on," Brock said. He hasn't yet made plans for new job, hasn't ruled out staying at FCC, looking for other post in govt. or in private industry. He said he has spent much of last 15 years in communications -- in academia, consulting and govt. -- and it's "most likely" he will stay in field.

Sikes told us he will make several personnel appointments this week. Among vacancies to be filled, in addition to Common Carrier Bureau: Chief of Mass Media Bureau, gen. counsel, managing dir. In interim, Robert Radcliffe of Mass Media Bureau's Video Services Div. is on detail to Sikes' staff.

COMEDY CHANNEL STILL SEEKING CARRIAGE AGREEMENTS: HBO executives remain confident of timely Comedy Channel (CC) launch as days grow short before Nov. deadline. In last few weeks, CC officials repeatedly have delayed expected announcements of cable systems that have signed up to carry new basic cable comedy network, saying they "want to wait until we get the numbers." Viacom's competing "Ha" channel is no closer to announcing carriage agreements, but is less concerned because it isn't scheduled to debut until April 1.

Cable operators prefer 60-90-day period between decision to carry new channel and actual startup because of time needed for prelaunch promotion, several told us. Even 60-day period, which several said is practical minimum, will require agreements to be signed within few weeks for launch in Nov. "There is no doubt that it's getting close to time," Warner Cable Program Mgr. James Braun said. "It would be nice to have more time, but we can still make it work. No one says you have to have a bangup campaign in place Nov. 1." Braun said Warner still is studying comedy channels, may have decision by Sept. 1.

Cable executives generally are excited about concept of all-comedy channel, they told us, but they're not necessarily in hurry to commit to either of competing alternatives. Many of larger MSOs, in particular, feel it's "prudent" to delay decision, CC Pres. Dick Beahrs admitted: "We've got a competitive situation here and some think delay works in their favor." Delay will give operators more time to assess quality of programming and likelihood of success, he said.

Many cable systems traditionally wait until beginning of year to launch new services because new rates often go into effect then and there's time for lead-in to prime cable viewing season during summer. Beahrs told us that's one reason for Nov. launch of CC -- it will give cable operators several months to view and assess programming before they put it on systems: "Our success won't be made or broken by whether systems start carrying us in November or January."

Still, Beahrs has lofty goal for number of startup subscribers. He won't disclose actual figure publicly, but it's significant percentage of 13 million homes he said network must reach to show up on Nielsen

ratings. He indicated HBO officials are confident goal will be reached: "We feel we're doing quite well on the distribution front." Only MSO to tell us it has agreement in principle to carry CC is ATC, also controlled by Time. Even in case of ATC, agreement being drafted by lawyers merely allows local and regional managers to carry CC, but doesn't commit them to do so.

Despite optimism, HBO still hasn't set launch date for CC. Beahrs said he's firmly committed to Nov.: "We're feeling more confident about a November date as time passes." But officials are "still in the process of finalizing" exact date, he said, and are leaning toward first half of month. Meanwhile, CC officials, as proof of commitment to new channel, are showing off new production facility that's under construction and touting list of 10 comedians signed up to develop programs.

Key problem is channel capacity. Many system operators said they will have to move or eliminate existing programming to make way for comedy shows. Cox official, for example, said Viacom's Ha channel might be appealing because Viacom officials have indicated they might be willing to allow only prime-time blocks to be carried on existing channels, at least on short-term basis. Another cable official said launch of comedy programs could force reassessment of existing basic services: "There are some that we put on a long time ago just to fill channels, but they may not be pulling enough audience to justify themselves. Comedy programming is something we think the consumers will back."

"Capacity unquestionably is extremely tight right now," Beahrs agreed, but he said HBO expects situation to ease quickly as result of larger number of available channels to be provided in rebuilds. Many franchises also are being renewed, he said, and local officials often require more channels as condition of renewal. FCC's syndicated exclusivity rules take effect Jan. 1 and could cause local systems to drop distant broadcast signals, opening space for new comedy programming.

Beahrs claims HBO doesn't consider Ha channel direct competitor to CC, even though both are to be full-time comedy channels. Format will be too different, he said, with Ha focusing on what he calls "long form" comedy -- anything from typical sitcom length on up. CC originally had planned essentially to divide schedule about evenly between programming that's half-hour or longer and comedy equivalent of music videos. Beahrs said discussions with cable operators have convinced HBO to devote about 85% of programming to "short-form" programs, including such elements as scenes of 2-3 min. from movies, videotapes or standup comedy routines.

Ad sales efforts for CC have been slowed while HBO looked for right executives, Beahrs said. Company recently hired Lawrence Divney from Arts & Entertainment as senior vp-sales, and he has begun forming staff. Beahrs conceded HBO has little experience selling ads, but pointed out parent Time Warner has "a lot of resources" and HBO itself is well-versed in producing value-added packages and promotions. He said much of competition for carriage will revolve around which comedy programmer offers local operator most help in selling local ad availabilities: "Local ad sales are the next great frontier of untapped revenue and we will try to do the best job supporting their local efforts." HBO Senior Vp Donald Anderson has been assigned to CC to assist in local ad sales.

Situation is less pressing at Viacom because Ha isn't scheduled for launch until April. Despite that, officials said network, which is being managed by MTV subsidiary, hopes to announce carriage agreements soon. Viacom also hopes MSOs will make equity investments in Ha, first time any of MTV projects have been offered that way. Ha previously announced list of expected advertisers, including Anheuser-Busch, Bristol-Meyers, Coca-Cola, Disney, L.A. Gear, Pepsi, Warner, Wrigley.

Robert Wussler, Ted Turner's chief deputy, resigned suddenly last week to become pres. of Comsat Video Enterprises. Wussler, who was senior exec. vp at TBS, previously had been pres. of CBS Sports and CBS TV network. Both Wussler and TBS officials said parting was amicable. New job gives him responsibility for relatively small and unprofitable Comsat subsidiary that delivers movies to hotel rooms by satellite. He's replacing David Beddow, who now is vp and chief strategic officer at parent Comsat Corp. Turner divided Wussler's duties among 3 next-level employees -- Senior Vp-Cable Sales Terry McGuirk heads Turner sports operations, Senior Vp-Finance Paul Beckham takes over Goodwill Games, Turner Entertainment Networks Pres. Gerry Hogan gets responsibility for advertising, PR, research, production.

Washington-based Radio Ventures I, L.P. is acquiring its first 3 stations: WMXB(FM) Richmond for \$23 million and WWNC(AM)-WKSF(FM) Asheville for \$25.5 million. Group owner Ragan Henry is seller of WMXB and Heritage Best. Group of Asheville stations. Radio Ventures was formed by Jerry Lyman, ex-pres. of RKO Radio and ex-chmn. of NAB radio board, with Carlyle Group and 1255 Equities (group of Washington communications lawyers) to acquire and operate radio stations. Chapman & Assoc. was broker for Richmond; no broker was involved in Asheville.

Advanced TV Systems Committee (ATSC) moved last week; James McKinney is chmn., Robert Hopkins exec. dir. New address: Suite 300, 1776 K St. NW, Washington 20006, 202-828-3130.

NAB EYES BETTER DIARY: Broadcast industry has been "encouraged" by results of 40-household test in Lansing of newly designed personal ratings diary, and NAB is moving on fast track to conduct full-scale test in cooperation with Mich. State U. Industry's Committee on Local TV Audience Measurement (Coltam) reviewed Lansing test at meeting in Washington last week, authorized Mich. State researchers to come up with proposal for full-scale test in spring. "Coltam is on a very quick track and eager to make this thing happen," said Rick Ducey, NAB senior vp-research and planning.

Meanwhile, NAB is seeking slowdown in spread of local audience measurements via people meters, which require viewers constantly to push series of buttons. Assn. said Arbitron and Nielsen already are acting on their own because of concern that 2 different technologies are involved -- active and passive participation of viewers. At June meeting, NAB TV board adopted motion directing staff "to attempt to slow down the rollout of the people meter in local markets."

Mich. State researchers are expected to present proposal for full-scale test of new personal diary in couple of weeks, Ducey told us. LIN Bostg. Pres. Gary Chapman, member of NAB TV board, is chmn. of project, and more than \$400,000 has been raised in search for better diary. Lansing test dealt with 3 proposed diary designs -- one for children under 11, 2nd for 12 and older and 3rd with electronic and manual features. Test sought "qualitative," not "quantitative," results, Ducey said. Spring test will be in markets of different sizes with bottom-line goal of more accurate measurements of TV audiences, including out-of-home viewing. NAB said it's sharing information it obtains with Nielsen and Arbitron.

Meanwhile, NAB Exec. Committee last week approved \$150,000 contribution (matched by Radio Ad Bureau) for year-long \$1.2-million campaign of joint Radio Futures Committee to boost radio revenues and listening, scheduled to end in spring. NAB already had contributed \$278,000, and any future grants will be part of regular budgeting process for fiscal year starting April 1.

Exec. Committee also moved to cut back on number of standing NAB committees and task forces -- now about 3 dozen -- to save money. Pres. Edward Fritts was authorized to evaluate committee lineup with goal of reducing number, merging some into others, replacing standing committees with special task forces for short-term assignments that would end automatically when their goals are accomplished. Registration for Radio '89 convention Sept. 13-16 in New Orleans is 8% ahead of year ago, with 40,000 sq. ft. of exhibit space sold (up from 37,000 sq. ft. in Washington last year).

NAB will host invitation-only TV forum Sept. 6-7 in Washington, limited to about 40 group executives. Speakers include James Mooney, NCTA pres.; Malcolm Forbes, publisher; David Charlton, Corning Inc. marketing development mgr.; John Abel, NAB exec. vp-operations. News media will be excluded, NAB said.

Petitions at FCC for reconsideration of license renewal reforms, adopted in May to curb abuses, are "frivolous, merely repetitive and not deserving of Commission action," NAB told agency. NAB said parties seeking reconsideration haven't submitted sufficient factual or legal basis for Commission to reopen case, said FCC decision was based on factors "both permissible and reasonable, thus precluding any need for reconsideration."

Significant questions are being raised about Cal. company, Data-Tel Video Text, that's seeking investors to help create national information service. Data-Tel Pres. M.C. (Matt) Matson is recruiting investors to be "master dealers," licensees and information providers. To be master dealer, providing service over large area, costs \$2.5 million, licensee about \$300,000, provider about \$2,500. Matson frequently compares his company with AT&T, claiming to have nationwide network of more sophistication than either AT&T or Regional Holding Cos. Matson's pitch to potential investors contains some apparent inaccurate characterizations of telecommunications network and uses unfamiliar terms to describe well-known telecommunications policies. Some investors said they aren't earning money they thought possible due to promises of large returns. However, despite fact that Matson has recruited batch of information providers, licensees and master dealers, and that some apparently rudimentary services are available over Data-Tel, many of his claims raise questions. Among them are: (1) That Data-Tel has 1.5-2 million users. (2) That Matson is negotiating with Northern Telecom for terminals to be used with system. (3) That Matson has relationships with certain other service providers, such as American Citinet. (4) That it's necessary to sell Data-Tel in West because videotex already is available all over East. Three detailed reports on Data-Tel were published in Communications Daily, our companion publication. For copies, call Circulation Dept., 202-872-9200.

Federal govt. shouldn't subsidize HDTV, but should relax antitrust restrictions to encourage research, study by Heritage Foundation analyst said. Study said HDTV "could turn out to be a boondoggle" and federal govt. "hardly is in the best position to predict which technologies will or will not succeed. There is good reason to believe that HDTV could flop," Heritage analyst James Gattuso said. He cited high cost to consumers and studies that have shown improved picture may have limited market appeal. Subsidies would advance specific technology that may not be what consumers want, Gattuso said, resulting in govt. "fostering the HDTV equivalent of videocassettes." Study encouraged modifications of antitrust laws, specifically cited bill (HR-1024) by Reps. Boucher (D-Va.) and Campbell (R-Cal.). Antitrust reforms shouldn't single out HDTV, Gattuso said, because they "could drain investment funds away from crucial projects in more promising fields and channel them into potential HDTV boondoggles." HDTV has become "litmus test" of federal action to improve U.S. competitiveness, study said, but legislation should provide equal benefits to all R&D, not only HDTV.

Anti-illiteracy effort dubbed "Sesame St. for adults" is being attempted by City of L.A. for projected \$1.8 million. Campaign, based on use of Hollywood talent for union scale, calls for production of 160 half-hour magazine-format videos designed to teach adults how to read and write. They would air simultaneously on 3 area commercial stations in 3 versions intended for beginning readers/writers and those at 3rd and 6th grade levels. Public TV isn't part of plan at start, Exec. Dir. Emily Chappell said, although WQED Pittsburgh has expressed interest in airing series after L.A. run, with eye toward possible PBS presentation. Chappell previously was exec. dir. of city's Opportunity USA effort, which produced 160 videos designed to teach English as 2nd language to immigrants. That effort aired on Spanish-language independent KMEX-TV L.A., is being rebroadcast by 2 Houston Spanish language commercial outlets.

BROADCASTERS BACK SYDEX: Syndicated exclusivity (syndex) rules don't violate First Amendment, and even encourage program producers to create and "publish," according to joint brief filed with U.S. Appeals Court, D.C., by NAB, MPAA, INTV, Cap/ABC and ABC affiliates group. Brief supports FCC decision to reimpose syndex rules in Jan. CATA, Tribune Bestg. and United Video have appealed FCC decision (TVD July 3 p5), relying primarily on First Amendment arguments.

Broadcaster-led group said courts repeatedly have upheld govt. authority to protect intellectual property rights, so syndex doesn't violate First Amendment: "Petitioners can no more claim that their rights to free expression are stifled by syndex rules than the Washington Post can claim that its First Amendment rights are stifled by laws that prevent the Post from reprinting copyrighted material from the Chicago Tribune."

Even if court says FCC should prove public interest justifies limiting free speech rights, brief said, Commission record before syndex decision is adequate. CATA had contended FCC should have conducted full-blown economic study, similar to one it did before 1980 decision dropping syndex. However, broadcasters said record showed that study, which was basis of decision, was so flawed as to be useless. Study predicted that: (1) No more than 20-40% of homes in urban areas ever would subscribe to cable. (2) Cable's total foreseeable penetration never would exceed 48%. Brief said penetration now is projected at 60-65% by mid-1990s.

Study's erroneous predictions caused "gross underestimation" of audience diversion caused by syndex deletion, brief said. Filing said audience diversion from broadcast is as high as 80% in some cases, with most estimates in 25-45% range. Previous study also assumed cable industry would continue to depend on importing distant broadcast signals, brief said, but cable now relies mainly on its own programming. As result, it said, syndex will have less impact on cable and there's plenty of programming to replace any that's blacked out.

Meanwhile, cable systems will have to order new equipment and bear administrative burden to meet requirements of FCC's new syndicated exclusivity (syndex) policy, even though policy might be overturned by U.S. Appeals Court, Comr. Dennis said in concurring statement on Commission decision not to delay Jan. 1 enforcement date (TVD Aug 14 p7). Despite concerns, Dennis said "legal test for granting a stay is strict," so she joined colleagues in rejecting request for stay. She had attempted in March to extend syndex effective date.

Newly confirmed FCC Comr. Andrew Barrett, who has yet to be sworn in, will speak at Sept. 12-15 management conference of National Assn. of Black Owned Bcstrs., Ramada Renaissance Hotel, Washington. Rep. Gray (D-Pa.) is 2nd major speaker. Among panelists: Larry Irving, senior counsel, mass media, House Telecom Subcommittee; Antoinette Cook, majority counsel, mass media, Senate Communications Subcommittee; Roderick Porter, deputy chief, FCC Mass Media Bureau. Details: Ava Sanders, 202-463-8970. Meanwhile, add to speaking engagements for FCC Chmn. Sikes: Sept. 21 lunch at 39th annual Best. Symposium sponsored by IEEE, Hotel Washington, Washington. Other speakers include James McKinney, chmn., Advanced TV Systems Committee, and Thomas Stanley, chief, FCC Office of Engineering & Technology. Details: Steven Crowley, 202-223-6700.

Financial reports: TCI reported net loss nearly tripled to \$63.6 million in 2nd quarter, despite 39.5% increase in cable TV revenue. It said most of loss resulted from growing interest costs and losses of affiliates. Of cable revenue growth, 6-7% was from increased penetration by existing systems, 5-7% from rate increases, rest from acquisitions. TCI share of affiliates' losses was \$29.7 million in quarter, compared with \$400,000 year ago. Consolidated subsidiaries lost \$18 million after earning \$3.9 million profit year ago. Total revenues were up 32% to \$726.4 million... Cablevision Systems reported net loss of \$35 million in first 6 months, compared with \$74.5 million loss year ago, mainly because of one-time \$104.8 million gain on sale of programming businesses to NBC. Company attributed "substantial increase" in operating cash flow to acquisition of cable systems from Viacom Feb. 17... Centel Cable net profit grew to \$2.5 million in 2nd quarter from \$2.1 million as revenues increased to \$43.7 million from \$37.8 million. Company has set Aug. 23 as date for special stockholders meeting to merge Centel Cable into subsidiary in preparation for sale of cable operations... Oak Industries lost \$7.1 million in 2nd quarter, vs. \$539,000 profit year ago. Loss included \$5 million attributed to proxy fight, company reorganization, asset reevaluations. Communications segment sales were up 26% in quarter... Playboy had \$6 million net loss in 4th quarter, increase from \$5.1 million loss year ago. Video entertainment group generated \$3.6 million positive cash flow for full year, compared with \$2.1 million deficit year earlier, mainly on increased profits from pay-per-night, hotel and home satellite services... Great American Communications had \$23.6 million net loss in 2nd quarter, compared with \$14.8 million loss year ago. Company said it expects "sizable losses" for next few years because of interest costs. Broadcast and entertainment revenues were down to \$67.7 million in quarter from \$85.7 million year earlier... Republic Pictures had highest net profit for quarter, \$433,000, in its history, primarily because of success of TV library and home video services, Chmn. Russell Goldsmith said. TV revenues rose to \$10.2 million from \$10.1 million.

Group W announced it will handle sales and marketing for 5 regional cable sports networks, including its own Home Team Sports. Company is setting up special marketing organization, Group W Sports Marketing, to handle business, Westinghouse Chmn. Burt Staniar said. Group W already has signed to represent 3 regional networks owned by Prime Network and L.A.-based Prime Ticket Network. Staniar said marketing group expects to expand customer base in "very near future." Marketing group will be headed by long-time Group W staffer Jeff Osborne, newly named vp and dir.-sports mktg. It will have offices in Atlanta, Chicago, Dallas, Detroit, L.A., N.Y. Osborne said Group W hopes to represent other Prime Network regional networks by year-end, including several being formed in Cincinnati, Indianapolis, Pittsburgh, San Francisco, St. Louis and Seattle-based Northwest Cable Sports.

Unusual series of cable failures has left Intelsat holding together global telecommunications networks, following simultaneous outages of 6 submarine cables, including transatlantic and transpacific fiber optic networks. Transfer of communications to Intelsat was made by cable owners -- including AT&T -- that previously had negotiated backup agreements to restore traffic in event cable connections were lost. Most recent failure occurred Aug. 15, when French leg of fiber optic cable (TAT-8) was damaged by fishing vessel. Earlier outages involved services, predominately data and voice, in other parts of globe.

CTAM FOCUSES ON HOW-TO: Annual conference of Cable TV Administration & Mktg. Society (CTAM) Aug. 20-23 in Chicago is focusing "very directly" on practical ways of increasing cable penetration and attractiveness, Pres. Margaret Durborow said. Change is result of evolving nature of cable industry, she said: "The focus of the industry no longer is on building new cable systems. It's on performance, customer service and programming. This conference is intended to help people do those things better."

This year's CTAM is returning to policy of avoiding vendor-sponsored extravaganzas. Last year's conference featured variety of outside entertainment activities, many of them sponsored by NBC, which was launching CNBC (TVD Aug 8/88 p2). Several vendors planned similar activities this year, but were discouraged by CTAM. "CTAM is supposed to be a completely noncommercial environment," Durborow said. "We want to bring everyone together on a peer basis, with no one selling or buying." As result, only party will be CTAM-sponsored Dick Clark Reunion Tour featuring The Drifters. Durborow said no news splashes like CNBC are expected this year.

CTAM was expecting about 2,000 to attend show at Chicago Marriott, up 10% from last year. Program includes 23 expanded "How To" sessions that include 45 min. for speakers, equal time for discussion. Sessions deal with such topics as promotion budgeting, customer retention, ad campaign creation, working with broadcasters, pay-per-view, PR. There's also series of morning "Mini-General" sessions, with 5 running concurrently Aug. 21 and repeats next day. Topics include Information to Assure Performance, Image Advertising, Customer Service, Niche Marketing, Employee Performance.

General session speakers include Gillett Communications Chmn. George Gillett, Quantum Media CEO Robert Pittman, former TV anchor Linda Ellerbee. Speakers at minigeneral and how-to sessions include Comcast CEO Robert Clasen, MTV CEO Tom Freston and Exec. Vp Marshall Cohen, Communications Equity Assoc. Senior Vp Mark Sena, Yankelovich Vp Susan Howard, Continental Cablevision Exec. Vp Michael Ritter and Senior Vp Ted Livingston, Jones Pres. Greg Liptak, Heritage Vp Terry Rich, Group W Satellite Senior Vp Lloyd Werner, Rogers Cable Vp-Gen. Mgr. Navarra Williams, Hauser Vp James Garofalo, Viacom Cablevision Vp Virginia Westphal, Jones Group Vp John Mathwick, Arts & Entertainment Vp Dan Davids, Comcast Vp Michael Doyle, Cabledata Senior Vp-Gen. Mgr. Maggie Wilderotter, Nostalgia Channel Vps Terry Freedman and Bob Jones, Times Mirror Cable Senior Vp Christopher Forgy and Vp Gregg Holmes, United Artists Senior Vp Jerry Maglio, Rifkin Vp Bob Block, Warner Cable Senior Vp Lowell Hussey and Vp Kevin Leddy, USA Network Vp David Bender, Showtime Vps Mark Greenberg and Nora Ryan, HBO Senior Vp John Billock and Vps Gail Sermersheim and Steve Janas. Details: 703-549-4200.

CNN Newsroom is being supported by operators representing nearly half of cable households at its Aug. 14 launch, Turner Bestg. said. Newsroom provides 15-min. commercial-free newscast for junior and senior high schools. Participating companies include Colony Communications, Continental, Cox, Heritage, Jones, MacLean Hunter, Multimedia, Post-Newsweek, Prime, Rifkin, Sammons, Scripps Howard, TCA, TCI, Times Mirror, United Artists, Warner, Western Communications. Turner said it's changing name of sports production unit to Turner Sports from TBS Sports Sept. 2 to reflect addition of sports programming to Turner Network TV.

New black-oriented cable channel is knocking on MSO doors. Spectrum Communications should be ready to debut next spring with 24-hour channel focusing on information and educational programming for minorities, rather than on entertainment, said founder Clyde Davis, who is operating business out of his home. Davis is owner of Black Conscience Syndication, which syndicates book reviews and other articles to about 700 black-oriented newspapers, he told us. Davis claims he has about \$25 million available to launch Spectrum, some from unnamed sponsors and some from family and other supporters. He wouldn't identify supporters, but said some are "very large corporations." Network will differ significantly from Black Entertainment TV, Davis said, although they probably would compete for some of same audiences. Spectrum's planned program list includes gospel music videos and interviews, 3rd World news, information programs for parents and elderly, black-oriented cartoons. New network will be ad-supported, Davis said, but won't accept ads for such products as alcohol and tobacco. He said he doesn't consider Spectrum true competitor for BET and there's room on cable systems for both, but "competition is healthy." Spectrum expects to begin hiring staff with TV background within month, Davis said, and expects to begin building production facility on Long Island next year.

White House conference to examine improvements in library and information services for nation has been scheduled for July 9-13, 1991, in Washington. It will be preceded by state-level gatherings on similar issues May 1990-April 1991. It's designed "to develop recommendations for the further improvement of the library and information services of the nation, and their use by the public," and was required by Congress in legislation signed last year by President Reagan. Conference, follow-up to one in 1979, will have themes of Library and Information Services for Productivity, Library and Information Services for Literacy, and Library and Information Services for Democracy, said Sue Martin, exec. dir. of national commission. Among issues expected to be addressed: (1) Ensuring access to information technologies. (2) Meeting information and other needs of senior citizens, disabled, disadvantaged, others. (3) Improving services through cooperation of private sector. Organizers expect conference also to become involved in issues related to allowing telephone Regional Holding Cos. into new lines of business.

Cable transactions: N.Y. Times completed previously announced sale of NYT Cable TV to limited partnership of Garden State Cablevision, Comcast, Lenfest. Agreement reached in Jan. called for \$420 million price. Times officials said deal will result in after-tax gain of \$193 million... **United Artists** bought limited partnership interests of United Cable TV of Scottsdale (Ariz.) for \$26.7 million. Franchise has 31,993 basic subscribers... Jones Intercable, general partner for Cable TV Fund 10-C, agreed to sell systems in Saratoga Springs and Glenville, N.Y., to Cablevision Industries, terms undisclosed. Systems serve 22,000 subscribers.

Warner and Chris-Craft reached partial accord on plans to dissolve their cross-ownership, in which Chris-Craft subsidiary BHC owns 18% of Warner stock and Warner owns 42.5% of BHC. Warner wants to sever ties in wake of acquisition by Time. Under agreement announced Aug. 18, Warner's interest in BHC will be distributed to Warner stockholders along with cash and securities resulting from Time tender offer. In addition, Warner agreed to buy back 1.3 million shares of Warner preferred stock that BHC owns for \$143.7 million.

EDUCATIONAL TV ADVANCES: Whittle Communications placed largest single order for TV sets ever as part of its plan to offer commercially-sponsored educational TV network to schools. Announcement came 2 days after cable industry launched its own educational programming, CNN Newsroom, and GTE said it would deliver programming to more than 5,000 school districts. (See Consumer Electronics section for details on Whittle deal).

Philips is prime contractor for \$150-million deal signed Aug. 16 providing for some 8,000 satellite dishes, 300,000 TV sets and 16,000 VCRs for delivery over "one year starting next Christmas," Whittle Chmn. Chris Whittle told us. Philips order is firmest indication to date that Whittle plans to proceed with its Educational Network venture (commonly called Channel One), despite rejections by education departments in Cal. and N.Y. -- states with 2 of 3 largest high school enrollees.

Deal also comes as PTV has submitted its proposed ground rules to Whittle for operating noncommercial instructional component of service. Public broadcasters wouldn't endorse commercial fare in schools and instructional service they manage must not be preemptible, under proposed PTV terms. Educational Network is package consisting of ad-supported Channel One newscast service, instructional channel and professional development service, now under development. Plan now calls for last service not to be supported commercially, Whittle spokesman said, adding that ad-supported Educational Network hopes to have 8,000 schools committed to carriage by Dec. 1990. Participating schools will have discretion to carry any noncommercial programming, including that provided by cable, over Educational Network-supplied equipment, Whittle said.

Meanwhile, Turner Bestg.'s educational venture, 15-min. daily CNN Newsroom, began airing Aug. 14. CNN Newsroom is being supported by operators representing nearly half of cable households at its Aug. 14 launch, Turner said. Supporting operators are responsible for contacting local school districts to help them use service. Turner spokeswoman said some operators will provide free cable service and even TVs to schools to use Newsroom, but such decisions are up to operators.

CNN Newsroom provides 15-min. commercial-free newscast for junior and senior high schools. Participants include Colony Communications, Continental, Cox, Heritage, Jones, MacLean Hunter, Multimedia, Post-Newsweek, Prime, Rifkin, Sammons, Scripps Howard, TCA, TCI, Times Mirror, United Artists, Warner, Western Communications.

GTE Education Services will carry CNN Newsroom to 5,000 school districts, representing 1/3 of those in nation, under agreement announced last week. Turner Educational Services Vp Gary Rowe said GTE participation in project "helps us close the link in bringing CNN Newsroom to the classroom this fall." GTE will carry CNN curriculum guide, which outlines questions, discussion concepts and classroom and homework activities, on GTE Education Network. School districts will pay only electronic mail charges to receive guides.

Minority-controlled Granite Bestg. is buying WPTA (Ch. 21, ABC) Ft. Wayne from Pulitzer for \$26.5 million cash. Granite owns NBC affiliates WEEK-TV Peoria and KBJR-TV Duluth-Superior. Pulitzer owns 6 other TV stations, is buying WDSU-TV New Orleans.

Eight local govts., 4 of them demonstration sites, have been chosen to participate in experimental project to determine feasibility of using videotex to purchase licenses, register for programs or other governmental functions. Locations -- including 2 in suburban Washington, D.C. -- are part of project organized by Public Technology Inc., affiliate of National League of Cities, and Videotex Industry Assn. (VIA). Demonstration sites: Atlanta; Douglas County, Neb.; Peoria County, Ill.; Prince George's County, Md. P.G. County officials haven't formally approved participation, but no roadblocks are expected. Advisers to projects will be Metro-Dade County, Fla., Washington, D.C., Montgomery County, Md., N.Y. Sites were chosen in cooperation with 6 corporate sponsors that so far have signed up to participate: Ameritech, Bell Atlantic, BellSouth, GTE, Pacific Bell, U S West. Specific applications for videotex will be determined over next few months by sponsors and by local govts.

Pioneer Communications of America (PCA) announced sale of 2-way interactive BA-6000 addressable converters to Warner's Columbus, O., system. Purchase, more than \$14 million, included 120,000 two-way units to be delivered over next 3 years, company said. Columbus system will install Pioneer's M3P addressable controller that PCA said is capable of managing up to 2 million subscribers, prescheduling 999 pay-per-view (PPV) events, handling impulse PPV with software option and controlling 8 remote headends. Installed base of converters will utilize cable return modules for return data communications path to controller. BA-6000 is 550-MHz addressable converter providing compatibility with Hamlin, Jerrold, Oak, Regency and Sylvania scrambling methods.

Debate on govt. role in HDTV featuring author George Gilder and Zenith Chmn. Jerry Pearlman will be part of MST-sponsored HDTV conference at Westin Hotel, Washington, Sept. 6. Event is 2nd time that Gilder, who believes in minimizing govt. role, has been in similar debate -- he faced Prometrix CEO Richard Elkus in spring at HDTV meeting sponsored by Rebuild America. Among other speakers planned: John Sie, TCI senior vp, Richard Wolfe of Hi-Vision, Robert Alton of Contel, Walter Ciciora of ATC, Thomas Friel of Electronic Industries Assn., James Lynagh of Multimedia. Details: 202-462-4351.

Audiences prefer network TV programming, even if they have access to cable, according to new study by research firm Bruskin Assoc. May 1989 survey showed significant improvement in audience reaction to network programming -- study year ago showed 45% preferring network programming over cable, compared with 52% in most recent period. Bruskin also said long-term cable subscribers are least enthusiastic, with only 43% preferring cable programming over network, down from 50% year ago.

Time has increased ownership in Turner Bestg. Class B stock to 37.1% from 30%, it said in SEC filing. Time acquired shares in purchase of Warner, as well as by buying some from Ted Turner and other MSOs. Time said acquisitions are for investment purposes only. Class B is most widely traded Turner stock, but Class A holds bulk of voting power.

Joint development of semiconductors for HDTV will be proposed to U.S. manufacturers by Japanese chip makers, according to news reports in Japan, which listed Hitachi, Matsushita, NEC, Sharp, Sony and Toshiba among companies that will establish working group for purpose. Group is to make proposal in fall, hoping for start of U.S.-Japan discussions.

Personals

President Bush announced he will nominate White House special asst. and securities lawyer Richard Breeden as SEC chmn., replacing David Ruder, who plans to teach at Northwestern Law School... Pam Hill, former vp-exec. producer, ABC News Closeup series, joins CNN as vp-exec. producer, new investigative unit.

Craig Harnett, ex-Revelation Technologies, joins Hearst/ABC-Viacom Entertainment Services, which includes Lifetime network, as senior vp-chief financial officer... **Rory Phillips**, ex-Kansallis-Osaki-Pankkis, named senior vp-telecommunications, Communications Equity Assoc.... **Greg DePrez**, ex-Request TV, joins United Artists Cablesystems as vp-pay per view... **Mark Coblitz**, ex-Strategic Planning Assoc., appointed vp-strategic planning, Comcast... Changes at NBC cable network CNBC: **Susan Packard** promoted to vp-Midwest; **Rose Lorenti**, ex-Lifetime network, joins as dir.-affiliate relations-Southeast... **Carol Mazuy**, onetime Software Research and Honeywell Information Systems, appointed vp-mktg., Dialogue... **Patricia Perini** moves from senior vp-programming, KERA-TV Dallas, to exec. producer-national programming... **Judith O'Neill**, ex-law firm Weinberg & Green, joins Miller & Holbrooke as partner specializing in international communications.

Donald Prijatel, ex-Prijatel Productions, appointed dir.-development-West Coast, King World Productions... **Keith Burkley** advanced to dir., ATC Construction Div... **Barbara McFarland** named mgr.-TV stations rep services, Arbitron, new post... **Bill Cudina**, ex-Quantel, joins Rank Cintel as sales mgr.-eastern region... **Randy Jolly** promoted to mgr.-customer product support, Jerrold, succeeding **Jay Curry**, named account mgr.-central region... **Lisa Gursky**, ex-Strategic Planning Assoc., joins House Telecom Subcommittee as telecommunications policy analyst, mass media specialty, replacing **Liz Sadove**, who will attend law school... **Kevin Burke**, ex-staff of Va. Gov. **Gerald Baliles**, named administrative asst. to Rep. **Boucher** (D-Va.), member of House Telecom Subcommittee, replacing **Andrew Wright**, now senior counsel-federal affairs, American Insurance Assn... **George Shaver**, onetime American CableNet, joins KRON-TV San Francisco as dir.-creative services... **Nan Gibson** ex-press coordinator, C-SPAN, appointed public affairs dir., Progressive Policy Institute.

Additions at ANA: **Robert Reinshuttle**, ex-Council of State Govts., as mgr.-govt. relations; **Darcy Eikenberg**, ex-Bozell and trade publication Back Stage, as communications mgr.; **Sandra Requa**, onetime Paramount Pictures and Norton Simon, meeting mgr... **Hal Stopfel**, ex-WAVE Louisville, joins WDRB-TV there as news dir.

Kevin Wendle, ex-exec. vp, Fox Entertainment Group, forms Sleepy Hollow Productions as part of 3-year deal with Twentieth TV... **Jerome Scro**, ex-CBS Records, joins Showtime Networks as vp-controller... **Rose Weitz** promoted to national sales mgr., KSDK St. Louis... **Donna Sawyer**, onetime AT&T and Young & Rubicam, joins Children's TV Workshop as mgr.-media relations, new post.

Stephen Zelnick, pres., Vestron, moves to Fox Film as pres.-COO, new post; **Austin Furst**, Vestron chmn., assumes Zelnick's responsibilities... **Barbara Title** moves from vp-drama development, Showtime Networks, to vp, Viacom Pictures... **Singer Donna Summer** performs at Sept. 16 closing dinner of NAB's Radio '89 convention, New Orleans.

William Grumbles, ex-HBO vp, joins Turner Cable Network Sales Sept. 5 as exec. vp... **Robert Bennett**

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advanced to vp-finance, TCI; promoted to asst. vps: **Merlin Anderson**, asst. controller; **David Humphrey**, financial reporting; **Colin Stoner**, tax planning and supervision.

OBITUARY

Rep. Leland (D-Tex.), 44, influential member of House Telecom Subcommittee, was killed when plane in which he was flying to Ethiopian refugee camp crashed near country's border with Sudan. Wreckage was discovered Aug. 13 after crash 6 days earlier. Leland was leading official U.S. delegation on mission as chmn. of House Select Committee on Hunger. As Telecom Subcommittee member, he left mark as guardian of equal opportunity employment requirements, most recently as author of EEO guidelines for cable industry as part of 1984 Cable Act. Leland had bills pending in 100th Congress to stiffen EEO rules for TV-radio and codify FCC's minority and women's preferences into law. It was generally expected that any TV or radio renewal reforms that might emerge from House in 101st Congress would include EEO language. Leland also chaired House Postal Operations and Services Subcommittee. Elected in 1978 after 6 years in Tex. House, he served term in 99th Congress as chmn. of Congressional Black Caucus and had been mentioned as potential gubernatorial or senatorial candidate. A pharmacist, Leland graduated from Tex. Southern U. in 1970. Wife, son survive. Also killed in crash was Leland's chief of staff, **Patrice Johnson**, 35, who handled telecommunications issues.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	JULY 29- AUG. 4	1988 WEEK	% CHANGE	JULY 22-28	31 WEEKS 1989	31 WEEKS 1988	% CHANGE
TOTAL COLOR.....	430,132*	292,423	+47.1	554,676	12,076,925*	10,640,577	+13.5
DIRECT-VIEW...	426,399*	288,508	+47.8	547,637	11,965,979*	10,502,049	+13.9
PROJECTION....	3,733	3,915*	- 4.6	7,039	110,946	138,528	-19.9
TOTAL VCR.....	266,170*	120,358	+121.1	301,259	5,725,904	6,095,504	- 6.1
DECKS.....	227,210*	101,160	+124.6	239,310	4,672,079	5,143,828	- 9.2
CAMCORDERS....	38,960*	19,198	+102.9	61,949	1,053,825*	951,676	+10.7

Color TV 5-week moving average: 1989--361,611*; 1988--347,041 (up 4.2%).

VCR deck 5-week moving average: 1989--152,924; 1988--159,842 (down 4.3%).

Camcorder 5-week moving average: 1989--35,432; 1988--39,975* (down 11.4%).

* Record for period.

TOSHIBA AND ZENITH OFF PRICE-FIXING HOOK: N.Y. state attorney general's office last week notified Zenith and Toshiba that "at the present time" it "contemplates no further action" against them in its antitrust investigation of "pricing policies and cooperative advertising."

Investigation involves at least 6 consumer electronics marketers and resulted in Panasonic's settlement with attorneys general of 49 states and D.C. providing for refunds on 16 Panasonic and Technics products bought in 1988 (TVD Jan 23 p11 et seq.). N.Y. Law Dept. had subpoenaed documents relating to pricing and advertising from marketers in 1988.

Spokeswoman for N.Y. Attorney Gen. Robert Abrams, in reply to our query last week, confirmed that 2 companies had received letters telling them no action is contemplated, but "the file is still active -- we still want them to keep all documents." Although she didn't identify companies, we have determined that they were Toshiba and Zenith. Presumably, reviews are continuing on policies of several other companies, which include Hitachi, Sony, Thomson.

PHILIPS COUP--\$150 MILLION SCHOOL TV CONTRACT: Largest single order for TV sets ever placed -- and biggest installation of its kind in world -- is firm order by Whittle Communications with Philips Consumer Electronics to equip its satellite-delivered high school venture Education Network, which goes into operation in March. Philips is prime contractor in over-\$150-million deal signed Aug. 16 providing for 8,000 satellite dishes, 300,000 TV sets and up to 16,000 VCRs for delivery over period of "one year starting next Christmas," Whittle Chmn. Chris Whittle told us after making announcement at N.Y. TV Academy luncheon Aug. 16.

TV order alone is equivalent to nearly 1.5% of total U.S. color TV market and when filled in single year should catapult Philips to undisputed 2nd place (after Thomson) among suppliers of TV sets to U.S. TV market, based on our market share rankings (TVD July 24 p11). It will result in 12% increase in Philips' TV production next year, on basis of company's statement in news release that it makes 2.5 million sets annually.

Philips Consumer Electronics Pres. Donald Johnstone told us that company is "putting in a new line in Greeneville [Tenn. plant] capable of making an extra 400,000-500,000 sets a year," adding more than 200 manufacturing personnel and increasing capacity of Greeneville factory to 2.5-2.7 million sets annually. New line, he said, "will give us the ability to go after more retail customers." Philips has contracted with Radiation Systems Inc.'s Sat Com Technologies Div., Duluth, Ga., to make and install satellite dishes and TV

sets, cable schools and supervise servicing of sets, some of which presumably will be shared by Philips. Sets are of special design, will carry Magnavox brand name. One feature, Johnstone said, is special circuitry for automatic turn-on. Most will be 19", with some 25" for large classrooms. Each school will get 1.8-m satellite dish plus 2 Magnavox VCRs (made by Matsushita), TV set for each classroom.

Philips beat out 2 other finalists in 6-month negotiations -- Sony and Videostar Connections, videoconferencing company owned by General Motors -- as we forecast in June (TVD June 12 p15). Both Philips and Whittle have hq in Knoxville and ease of communications between companies could have been factor. "We wanted this system made in America," Whittle said. Both other finalists were to supply sets with Japanese brand names. Team at Magnavox will have project mgr. reporting directly to Johnstone.

Whittle told us contract is absolutely firm, and "large monthly payments have already started -- we had to put the cash up front because of the shortage of tubes. We will pay as we go." He said 8,000 schools should be on network by Dec. 1990. Channel One will originate 12-min. satellite transmission each school day, supported by 2 min. of commercials. Whittle said schools are free to use dish, VCRs and TV sets to pick up any other programming -- including Ted Turner's proposed noncommercial high school network -- except direct commercial-carrying competitors providing school programs, which will have to supply own equipment.

Whittle noted widespread criticism of his commercial programming -- "in an ideal world," he said, "they're right." However, he said, schools simply don't have money for audiovisual equipment. "Schools don't have what every U.S. household has. Currently, for every 10 classrooms in high school there's one TV set, for every 30 schools there's one dish. The typical U.S. high school has 2 to 3 black-and-white sets -- the same as in 1960 -- most of them broken." Audiovisual budget for average city school system, he said, is \$1.60 per year per student. Whittle said his research has shown that 80% of schools approached show some interest in program, and 60% will sign contracts.

"This is a mammoth undertaking" on extremely short schedule, Philips' Johnstone said. "It's not without its share of risks -- I'm going to lose a lot of sleep, and I'll probably end up in there with a screwdriver myself."

COLOR SALES UP 12% IN 1988-1989 MODEL YEAR: Color TV set 10th straight sales record in 1989 model year (July 1, 1988-June 30, 1989), with 11.8% increase over last year's sales, according to our analysis of EIA statistics. Increase in direct-view color sets was enough to push total TV sets moved from factories, importers and distributors during model year to record 23.9 million.

Projection TV sales fell for 2nd straight model year, as sales plunged in calendar 1989's first half (TVD July 17 p11). Monochrome TV sales were down huge 34.9% from last model year. Total VCRs fell for 2nd year in row, although decrease was slightly smaller than last year's 3.3% decline. Decks were down 5.7% and camcorders up 22.3% to record.

Model-year sales of total VCRs, decks and camcorders were similar to full-year 1988 sales of those products. Direct-view color TV sales were up sharply from calendar-year sales because of particularly strong 1989 first half. Projection TV sales did much better in calendar year than in model year. Although "model year" actually is mythical, it provides interesting benchmark for comparison. Here are sales to dealers for last 3 model years:

MODEL-YEAR SALES, 1987-1989

Product	1989 Models	1988 Models	% Change	1987 Models
Total TV.....	23,946,604	23,024,242	+ 4.0	22,783,633
Total color....	21,884,314*	19,621,965	+11.5	19,154,041
Direct-view..	21,607,435*	19,328,374	+11.8	18,859,559
Projection...	276,879	293,591	- 5.7	294,482*
Monochrome....	2,062,592	3,402,277	-39.4	3,629,592
Total home VCR...	12,479,961	12,711,710	- 1.8	13,148,328*
Decks.....	10,311,052	10,938,987	- 5.7	11,787,260*
Camcorders....	2,168,909*	1,772,723	+22.3	1,361,068

* Record.

Following is historical table of VCR and TV sales to dealers (excluding projection) for model-years 1970-1989, based on EIA figures. Monochrome sales record was 8,068,000, set in 1966 model year.

Year	Total TV	Color	B&W	Total VCR
1989.....	23,670,027*	21,607,435*	2,062,592	12,479,961
1988.....	22,730,651	19,328,374	3,402,277	12,711,710
1987.....	22,489,151	18,859,559	3,629,592	13,148,328*
1986.....	21,102,727	17,317,478	3,785,249	12,519,433
1985.....	20,542,744	16,180,402	4,362,342	9,442,205
1984.....	20,453,503	15,196,870	5,256,633	5,423,816
1983.....	17,962,271	12,232,935	5,729,336	2,872,278
1982.....	16,670,187	11,236,621	5,433,566	1,558,452
1981.....	17,804,406	11,193,119	6,611,287	1,061,535
1980.....	16,000,493	10,065,718	5,934,775	581,553
1979.....	16,521,179	10,286,351	6,233,828	439,434
1978.....	15,634,264	9,816,841	5,817,423	n.a.
1977.....	13,761,837	8,374,830	5,387,007	n.a.
1976.....	11,834,174	6,840,443	4,993,731	n.a.
1975.....	12,308,649	6,917,192	5,391,457	--
1974.....	15,770,254	9,061,922	6,708,332	--
1973.....	16,626,541	8,995,693	7,630,848	--
1972.....	11,775,000	6,704,000	5,072,000	--
1971.....	10,048,000	5,324,000	4,724,000	--
1970.....	9,595,000	4,961,000	4,634,000	--

* Record.

NINTENDO EXPECTS NETWORK WITH AT&T BY 1991: Nintendo is planning interactive videogame and information service network for U.S. market by 1991, with AT&T likely partner. Although AT&T and Nintendo spokesmen in U.S. continue to refuse to confirm that agreement is near, published report in Japan quoted Nintendo Pres. Hiroshi Yamauchi saying: "We have reached the point where we have clarified what Nintendo should do and what AT&T should do for the project." In addition, official who will head Nintendo's new network division told us last week he expects agreement within 60-90 days.

Proposed network would link Nintendo Entertainment System (NES) videogames, which would serve as terminals, allowing long-distance game-playing and access to variety of information services, such as stock trading, home banking, news. Add-on adapter for NES hardware and Nintendo-made modem would provide access to network, although details of how it would work haven't been determined, Nintendo spokesman said.

Yamauchi said network would be designed to let users access main computer and its software from anywhere in U.S. Details are expected to be announced next June at Consumer Electronics Show in Chicago, where Nintendo plans to unveil adapter for less than \$100. Work on project could begin by fall 1990. Yamauchi expects offering to attract 1-2 million users across U.S.

AT&T spokesman said company still was in discussions with Nintendo and wasn't prepared to comment on network plans. AT&T presumably would handle all communications aspects of network, but it wasn't known how information providers would be recruited. Fees for service haven't been determined, but they were expected to involve AT&T payment of rebate to Nintendo for use of phone lines. Nintendo in turn would pay fees to software and information providers. Nintendo was reported to be in discussions with some 40 software companies in U.S. for network offerings.

Nintendo has formed NES Network Div. to develop network and market entertainment and communications products. Jerry Rutenbur, who as former HBO Video Div. senior vp was responsible for North American sales and marketing of prerecorded videocassettes, will head new unit as network products vp. Rutenbur told us agreement with AT&T could be reached within 60-90 days, but he said it's too early to discuss details of network offering.

Videogame system from Nintendo competitor Sega, which includes optional modem introduced at CES in June, already has capability for long-distance phone game-playing. Nintendo earlier this year was reported

to be near agreement with AT&T to develop information network accessible through videogame. Nintendo at that time confirmed it was discussing plan for network with AT&T, but denied that firms were close to agreement.

DARPA IN CONTRACT TALKS WITH HDTV GRANTEES: Pentagon's Defense Advanced Research Projects Agency (DARPA) has started negotiations with first 5 companies picked for HDTV display R&D grants (TVD June 19 p11), but actual amounts to be earmarked are being left open pending final congressional action on defense budget.

"We're negotiating with options, to be adjusted after the budget is finalized," one grantee said. "The Pentagon doesn't want to let any contracts until the appropriations are clear." DARPA originally scraped together \$30 million from other budget items to cover HDTV project for next 3 years. However, it's virtually certain to get more money -- only question is how much. House voted additional \$50 million for fiscal 1990, while Senate set aside only \$20 million (TVD Aug 7 p9). Amount will be decided in conference committee when Congress reconvenes after Labor Day. "There's a lot of difference" between original budget and House-passed version, one grantee noted -- "it's \$10 million vs. \$60 million" for fiscal 1990.

Grantees so far are NewCo. Inc., San Jose, Cal. (with subcontractor Spectra-Physics); Raychem Corp., Menlo Park, Cal. (with Xerox); Texas Instruments, Dallas (with David Sarnoff Research Center); Projectavision, N.Y. (with Alphasil); Photonics Technology, Norwood, O. (with TI and U. of Mich.). Photonics grant was for plasma display, all others for projection. Other grants are expected soon.

500,000 LD PLAYERS: Number of laserdisc players in use by year's end will pass half-million, Pioneer officials said in confirming last week that company has raised estimate of its player sales this year to 100,000 from 80,000 (TVD Aug 14 p12).

Occasion for comment was showing of Pioneer's shopping mall kiosk that demonstrates videodisc players, projection TV and surround sound and is being displayed in 12 malls in N.Y. and L.A. areas. Senior Vp Michael Fidler said 50% of player sales are represented by lowest-priced LD-CD combination (\$600 list), 30% by digital-effects high-end unit (\$1,200), 20% by midline model (\$1,000). Fidler said order backlog for upcoming LD-only model at \$500 list should total 10,000 by time it's shipped in Sept.

Citing effectiveness of mall displays, Fidler and Exec. Vp Masaru Saotome said number of storefronts handling Pioneer players has doubled to 3,000 in 2 months. Part of takeoff in disc players results from their appearance in superstores -- including Highland, Sears, Silo and Tandy -- they said. In many cases, Fidler said, players are sold in audio rather than video departments and are pushed as stepups from CD players.

Meanwhile, Pioneer (USA) Pres. Setsujiro Onami, writing on behalf of Kaneo Ito, dir.-gen. mgr. of parent company's International Div., last week denied our report that upcoming new European model will play back NTSC discs on PAL sets. "Pioneer will not show a PAL/NTSC-compatible player at the Berlin show and we have no plans to bring this type of player to market in any country," he wrote. Our report was based on European source considered reliable.

Crazy Eddie will close 8 more stores in Northeast by Nov., reducing retail outlets to 18 in N.Y. area. Company has been operating under Chapter 11 since June. Stores to close are in Philadelphia, southern N.J., Conn., N.Y. state. In March, company closed 17 stores at cost of \$13.8 million because of declining sales and depleted working capital (TVD April 3 p13).

NEXT TUBE SIZE--33": One-inch-upmanship in picture tubes continues, Hitachi planning production of 33" tubes at Mobara plant in Japan at year-end. Progression of sizes above 27" now includes Toshiba's original 30", bested by Matsushita's 31", topped by Toshiba's 32", in turn exceeded by Hitachi's 33". Mitsubishi remains sole producer of 35" (although Thomson plans to make that size) and nobody has laid claim to 34" yet.

Hitachi's 33" (35" in Japanese overall diagonal measurement) will be produced at start at rate of 5,000 monthly, used in Hitachi sets and sold to OEMs. Company plans to export 33" to U.S. It now produces 400,000 picture tubes monthly at Sakura and Mobara factories, including 140,000 over 20", figure to be increased to 175,000 by end of 1990. Hitachi's current largest size is 31", at Mobara.

Hitachi has started construction of new plant next to Mobara facility for trial production of HDTV tubes, to start in Feb. Trial production phase is expected to take 2 years before full-scale output starts. Company estimates first phase of construction at \$7.2-\$7.9 million.

"TV on a card" is latest venture of Atari founder Nolan Bushnell. He's principal financial backer of Aaps Corp., Mountain View, Cal., which will market MicroTV, plug-in card that produces 2" b&w picture in corner of computer screen. It can tune cable channels as well as broadcasts, has input for VCR. It also lets user capture TV frame and save it as graphics file that can be included in document. First model, at \$395, is for Macintosh II, with \$295 version due for Mac SE, with \$595 professional version in Dec. that provides larger picture and tunes radio as well as TV. Details: Aaps Corp., 800-446-6393; in Cal., 415-961-4033.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 142 yen = \$1, except where noted.

MEXICO LEADS MAY IMPORTS: Mexico accounted for 42.5% of all color TV imports into U.S. in May and easily was top supplier, Commerce Dept. statistics showed. Mexican color TV shipments were up 80.7% from May 1988 imports.

Other major color TV sources in month were Taiwan, Malaysia, Korea, China. Korea was leading supplier of b&w TVs, easily surpassing Taiwan and China. Color chassis & kit imports are included with complete set totals.

In first 5 months of 1989, Mexico provided 43.9% of all color TVs shipped to U.S., up 59.6% from Jan.-May 1988. Following are VCR and TV import totals by country for May and first 5 months of 1989.

	May	% Chg.	5 Months	% Chg.
VCR Decks				
Japan....	563,700	+ 8.5	3,109,900	- 3.7
Korea....	190,000	+27.3	1,049,500	+42.1
Taiwan...	56,600	+ 6.2	259,000	+ 7.2
TV Sets				
Mexico				
color...	360,000	+80.7	1,551,000	+59.6
Korea				
total...	225,800	-22.2	1,228,300	-25.0
color...	64,300	-47.5	611,800	- 5.8
b&w.....	161,500	- 4.5	616,500	-37.7
Taiwan				
total...	205,800	+ 1.0	871,600	- 2.6
color...	156,600	-12.1	607,900	-24.0
b&w.....	49,200	+93.5	263,700	+175.8
Malaysia				
color...	85,700	+32.4	370,100	+29.2
Singapore				
color...	38,100	-31.7	247,600	- 1.5
China				
total...	77,600	*	248,400	*
color...	47,000	*	124,700	*
b&w.....	30,600	*	123,700	*
Japan				
total...	54,100	+109.5	248,500	+38.0
color...	45,900	+243.9	207,300	+109.0
b&w.....	8,200	-34.3	41,300	-49.0
Hong Kong				
total...	33,600	+212.5	141,300	+28.3
color...	9,700	+94.4	49,900	- 4.3
b&w.....	23,900	+315.5	91,400	+57.5
Canada				
color...	13,900	+1,386.3	56,900	+161.1

* No significant shipments in 1988.

Note: Figures for color and b&w TV include kits. Some totals may not add due to rounding.

Major Sony acquisition: Sony USA, subsidiary that owns Digital Audio Disc Corp. (DADC), has agreed to make \$58 million cash tender offer for Materials Research Corp. (MRC), Orangeburg, N.Y. MRC, which employs 700 worldwide and has sales and factories in U.S., Europe and Japan, makes sputtering and etching equipment used in production of CDs and semiconductors and high-purity metals used in CD substrates, Controller Kirk Dischino said. Sony spokesman told us purchase, which is subject to certain undisclosed conditions, is expected to be completed within month and "is consistent with Sony's future direction in semiconductor and optical media R&D." MRC reported sales of \$135 million in most recent 12-month period.

NEW TV/VCR COMBOS: Two small companies, Alaron and Ten-Lab, are introducing combination color TV/VCRs for delivery to U.S. market later this year.

Alaron set, which will be part of QEX line of TVs, will have 6" screen combined with VHS VCR in one portable unit. TV has on-screen tuning indicator. Rechargeable power pack is available as option. Alaron said product will be available in late fall at under \$700.

Ten-Lab, L.A.-based startup that already markets VCR, will have multistandard combination TV/VCR using "components from a variety of manufacturers, including Panasonic and JVC," Mgr. Nidia Beltramo said. TV/monitor has 20" screen, 155-channel tuning, on-screen display programming. VCR plays back tapes recorded in NTSC, PAL or SECAM through NTSC set, with SECAM picture in b&w only. TV/VCR combination (\$1,795) appears to be modified version of Panasonic model that isn't multistandard compatible. Beltramo said set will be assembled at L.A. plant from parts from overseas.

Instant Replay, Miami, Fla., which for years has sold VCRs that play back PAL and SECAM tapes over NTSC sets, has modified Panasonic 20" combination TV/VCR, similar to Ten-Lab product, that plays back tapes recorded in PAL and NTSC, priced at \$1,400. Newest product in Instant Replay line is PAL/NTSC version of Super VHS at \$1,995. Added feature is ability to record S-VHS on standard VHS cassette.

Four-continent trade deal resulting in picture tubes for China, as described in Journal of Commerce: Pacific InterTrade Corp. (PIC), trading company in Westlake Village, Cal., has arranged hard-currency pact under which Corning do Brasil will supply picture tube glass equipment to unnamed Eastern European country, along with other tube-making equipment from U.S. B&w picture tubes made in East Europe plant will be supplied to China, which will pay hard currency to Austrian bank, which in turn will pay East European manufacturer. PIC is talking with USSR on exchanging Soviet-made TV components and picture tubes for Chinese TV sets, satellite receivers and VCRs, Journal of Commerce said, and will ship million picture tubes from Mexico to China this year.

Philips will make own full-size VHS and S-VHS camcorders in its Marantz Japan plant for marketing in Europe next year under Philips brand, report from Japan said. Company eventually plans to make camcorders for sale in U.S. and Japan as well, report said. Camcorders sold under Philips' brands in U.S. currently are procured from Matsushita. Most of its VCR decks are from Matsushita, but some Philips brand decks are made in Marantz plant. No comment on U.S. camcorder plans was available by our deadline.

Joint development of semiconductors for HDTV will be proposed to U.S. manufacturers by Japanese chip makers, according to Japan press, which reports Hitachi, Matsushita, NEC, Sharp, Sony and Toshiba as among companies that will establish working group for purpose. Group will make proposal in fall, according to reports, hoping for start of U.S.-Japan discussions on subject.

Amstrad will enter fax market in attempt to make up for sluggish personal computer business. Amstrad was forced to recall 7,000 of its PC2000 PCs in U.K. earlier this year because of problem involving chip in hard-disc controller. PC was introduced in 1988 as competitor to IBM.

RETAIL PRICES UP: Average retail price of color TV set sold in May was up 11.5% from year earlier, according to ELCAP dealer survey. In VCRs, average price inched upward 1.6% because of heavier volume of 4-head models in sales mix. Some highlights of May ELCAP results:

Average color set in May 1989 sold for \$360.18, up from \$323.04 in May 1988. Portable-table category was up 12.7% to \$313 from \$277.64, while consoles rose 6.1% to \$626.11 from \$590.33. Projection sets, not counted in total, averaged \$2,284.04 in May 1989, up 16.8% from \$1,956 year earlier. Direct-view color's increase appears to be reflection of higher percentage of big-screen sets, since many major screen-size categories (19", 20" portables, 25" consoles) showed average price declines.

Inventories of portable and table TVs were relatively unchanged in year -- 2.54 on hand for every set sold in May vs. 2.64 a year earlier -- with console stock ratio up slightly (2.51 vs. 2.3) and projection's increase more pronounced (4.6 vs. 3.7). In May, 95% of projection TVs sold had built-in MTS stereo, as did 90.4% of consoles 26" and over, 45.4% of 25" consoles, 77.2% of 26" and over table models, 35% of 25" table models, 20% of 20" tables, 16.1% of 19" portable-tables.

Average price of 2-head VCR decks declined 9.8% to \$233.73 from \$258.99, while average 4-head VCR fell 5.5% to \$377.05 from \$398.88. But percentage of 4-head models in mix doubled to 40.8% from 20%, resulting in 1.6% average price increase to \$293.42 from \$288.90 for all VCR decks.

In camcorders, 8mm posted highest percentage of total mix for year in May, representing 23.8% of retail sales, while VHS-C dropped to 5.8% and full-size VHS accounted for 70%. In May 1988, 8mm was 8.7%, VHS-C 24.5%, VHS 66.5%. For information on ELCAP, contact Elrick & Lavidge, 409-938-3233.

CD+Graphics player launch by JVC to date has been confined to Boston area stores, but will be full-scale by end of month, spokeswoman said, adding that in interim company will decline to identify outlets that carry CD+G hardware. Promotional rollout of CD+G software and hardware through 25 east coast stores was to have been completed by July 4 (TVD June 19 p16). CD+G discs, which contain encoded still video material, can be played on JVC player that lists for \$500. At outset, promoters said, 33 CD+G discs will be available to support launch, but outside of labels distributed by Warner labels, virtually only software support has come from GRP Records, long-time JVC collaborator.

Digital stereo audio for TV officially will start in U.K. on IBA's transmitters covering London and most of Yorkshire Sept. 11, and IBA promises stereo will cover about 75% of country's population by end of 1990. NICAM digital stereo, developed largely by BBC, with concurrence of IBA and receiver makers, provides 2 discrete stereo channels in addition to standard mono FM sound, retained for compatibility. Receivers already are on sale. BBC, transmitting NICAM experimentally in London, shocked industry earlier by announcing it wouldn't add stereo before 1991.

Sale of 128,000 b&w TVs to unidentified "major Central American company" was announced last week by MTC Electronic Technologies, Vancouver, importer of Chinese TV sets (TVD May 29 p18). Delivery is scheduled over next 12 months, announcement said.

PIONEER NET UP 22%: Pioneer consolidated net income rose 22% in fiscal first quarter ended June 30 on 15.2% higher sales. Company cited strong sales in overseas markets and higher sales of audio and car electronics products in Japan, despite declining prices.

Video Products Group sales totaled \$189.2 million, up 6.9% from last year (144 yen = \$1). Group was helped by "remarkably good initial sales" of new CD/CDV/LD player, introduced in May. Sales of laser karaoke player also were strong. TV sales "slackened" in Europe, but were up in North America.

In Audio Products Group, higher sales of compact packaged component systems boosted overall sales 22.4% to \$260.4 million. North American sales were strengthened by demand for AV receivers and CD players. Car Electronics Products Group sales were higher in Japan and overseas, in part because of greater demand for car CD players. Sales increased 17.5% to \$251.6 million. Other products inched up 2.8% to \$47.9 million.

Atari net profit plunged 94% in 2nd quarter on 19% lower sales. Company blamed results on sluggish videogame sales and currency-rate fluctuations. In first 6 months, net fell 68% on 15% lower sales.

European VCR output by Japanese manufacturers will be increased 21% to 4.55 million this year from 3.75 million in 1988, Japan Economic Journal reports. Manufacturers there also will increase percentage of local content to meet anticipated European Community restrictions. Ten Japanese companies are listed by Journal as making VCRs in Europe. Their 1989 production targets and increase over 1988, from Journal's tally: JVC (Germany) 1.05 million (up 13%), Hitachi (Germany, U.K.) 650,000 (18%), Matsushita (Germany, France, Spain) 600,000 (30%), Sharp (U.K.) 400,000 (11%), Sanyo (Germany, U.K.) 400,000 (14%), Mitsubishi (U.K.) 400,000 (33%), Toshiba (Germany, U.K.) 360,000 (0%), Sony (France, Germany, Spain) 300,000 (100%), Akai (France) 270,000 (59%), NEC (U.K.) 120,000 (0%).

NEC has signed 6 companies to develop software for its 16-bit TurboGrafx-16 videogame system (TVD May 29 p15): Hudson Soft, IREM Corp., NCS, Pack-In Video, Victor Musical Instruments and new NEC joint venture with Dentsu called NEC Avenue. Hudson Soft and IREM also are Nintendo software licensees, but deals with NEC won't affect Nintendo arrangement because they involve different games. NEC Home Entertainment Asst. Vp Kenneth Wirt expects at least 20 software titles for game system by year-end and "flood of software" next year. Videogame, expected by fall, uses credit-card-sized software cartridges.

Ultimate monitor for public display is offered by Mitsubishi Electronics. It has 35" direct-view screen, is compatible with most computer graphics standards, automatically can accommodate tuners for all international video standards, including NTSC, PAL and SECAM, is switchable among composite video, Super VHS, analog RGB and TTL inputs, can take nonstandard signals and can superimpose computer graphics over video. It's priced at \$7,599.

RCA VCR was only consumer electronics product to be honored in 1989 Industrial Design Excellence (IDEA) program sponsored by Industrial Designers of America. Model VR 480 was awarded 3rd place and cited for "good industrial design."

Consumer Electronics Personals

Anthony Mirabelli, ex-Beltone, NEC and Quasar, joins Dynascan Cobra Electronics Group as mktg. vp... Yukio Hamabe appointed Sanyo Fisher western regional pres., in reorganization; he heads region with Gary Hodge as senior vp-gen. mgr.; Keith Casey to western region gen. sales mgr.; William Mayhew to gen. sales mgr. for territorial accounts; Richard Devine to western sales mgr.; Tohru Natsume, pres., and Larry Kwolek, vp-gen. mgr., head central region; William Bast and Al Ripoli to gen. sales mgrs.; Mitsuru Homma, pres., and Patricia Rienzi, senior vp-gen. mgr., head eastern region.

John Lynch, Olympus senior vp-administration, named exec. vp... Judd Futerman, ex-Sony Jumbotron Div. gen. mgr., joins Philips Consumer Electronics as vp-gen. mgr. for Vidiwall large-screen display systems... Robert Wrona, Kraco mktg. dir., advanced to national accounts sales mgr... Judson Holder, Audio/Video Div. regional vp, moves to national sales mgr., Mitsubishi Office Automation Div... Lisa Rizzio, ex-Sharp McNally Communications, joins Casio as PR mgr., reporting to Gary Johnson, communications dir.

Donald Almquist, Delco exec. vp, promoted to chmn.-pres.-CEO, Delco parent GM Hughes Electronics... Courtland Newton named exec. dir., American Home Satellite Assn.; Hans Giner resigns as pres. to pursue new career... Joseph Ybarra, ex-Infocom, joins Mediagenic Entertainment Div. as vp-gen. mgr... Marc Rubenstein, PC product support mgr., advanced to Toshiba Computer Systems systems group product mgr.; Jeffrey Bowman named mgr., PC product support... Keith Erickson, ex-Intel, joins Sematech consortium as supplier relations vp... Barry Jackson appointed mgr. of new Audio-Visual Div. of Audio-Video Supply Inc., San Diego distributor.

Strauss Zelnick resigns as Vestron pres.-COO to assume same post at Fox Film Corp; Ruth Cisero promoted to Vestron distribution services vp, Marty DeGrazia to business administration vp... Janice Whiffen resigns as Media Home Entertainment senior sales and mktg. vp, replaced by ex-Virgin Vision Exec. Vp Tom Burnett... Timothy Landers resigns as MCEG/Virgin national mktg. mgr... Former MCA Home Entertainment Pres. Gene Giaquinto and consultant Steve Roberts form R&G Communications, Torrance, Cal... Alan Pritchard advanced to RCA/Columbia exec. vp-worldwide operations, based in London.

Japan exported 503,000 TV sets worldwide in July, down 6.2% from July 1988, Finance Ministry preliminary statistics show. Value of shipments fell 5.8% to \$130.9 million. VCR deck exports rose 5.3% to 1,957,000, with value up 3.2% to \$522.4 million. Camcorder exports dropped 11.4% to 458,000 and value 13.4% to \$302.3 million. Preliminary figures show Japanese shipments of TVs and VCRs rose more than 11% in July and camcorders fell 10%.

Panasonic IDTV 51" projection TV, shown originally in April (TVD April 17 p11), is scheduled now for delivery Oct. 1 at \$5,500 suggested list. Only other IDTV projector in current lines is NEC's 52", being delivered at \$6,499 list (TVD May 15 p9).

EIA Electronic Market Data Book for 1989 is now available at \$100, not \$80 as stated here July 17. Order from EIA, 2001 Eye St. NW, Washington 20006.

RETAIL COLOR 'SLUMP': Although higher priced set sales are up, "uncertain economy and retail inventory constraints" caused "slump" of 17.4% in dollars and 9.9% in units for color TV sets in April-May from year earlier, according to Intellect Div. of NPD Group, which tracks retail sales of consumer electronics.

Sales of 20" and 27" color sets were up 27.1% and 76.1%, respectively, while over-30" models grew 130.8%, Intellect Dir. Clark Johnson said, resulting in average price of \$403.20 for color TV (including projection), slight drop from last winter's record \$410.48 but 9% above average price for April-May 1988. (Note: Members of TV Digest's Early Warning Report panel reported 2% increase in color TV sales over year earlier in April and May.)

Camcorder sales were up 25.2%, Intellect reported, with average retail price down 3.1% to \$1,061.52. Johnson said "industry is quite correct to be concerned about a glut in camcorders, but our data indicate spot [inventory] problems rather than general overstocking." He added, however, that dramatic slowdown in economy could have "devastating effect on this very successful product category."

Video deck unit sales dropped 27.4%, with dollar sales down 25.5%; 4-head models were up 19.1%, representing 41.9% of sales. Continuing shortage of low-priced recorders, Intellect said, led many retailers to feature videocassette players to fill low-priced gap, and VCPs represented "unprecedented" 7.2% of deck sales for April-May. Average video deck price was \$301.55, down 1.9% from Feb.-March but up 2.6% over same 1988 period. Intellect, Port Washington, N.Y., is consortium of American, German, Japanese research firms. Details: 516-625-0700.

Consumer Reports Sept. issue reports on tests of: (1) Moderately priced clock radios, giving top rating to 2 most expensive models, \$50 Panasonic and \$48 Radio Shack. (2) Stereo headphones, saying "there seems to be little reason to look beyond the [\$100] check-rated Sony MDR-V6, [which] combines the highest accuracy we've measured in headphones, comfortable design, moderate weight and enviable bass reproduction." (3) Laptop computers, giving Toshiba T1200FB top score of 87, followed by NEC Multispeed EL-2 at 79. (4) Combination microwave and convection ovens, Sharp and GE models coming out on top.

Sylvania introduces 3 full-size VHS camcorders: Basic 6:1 model with 3-lux sensitivity, time lapse, self-timer, edit search at \$1,399; new-design lightweight model, 2-speed shutter, 8:1 zoom, index search, dubbing at \$1,649; digital effects model with wipe, mix, strobe, auxiliary video light, flying erase, speaker, 1-lux sensitivity using digital gain, at \$1,849.

Smith Corona said it will reduce work force by 450 (10%) at factories in Cortland, N.Y., and Singapore. It said layoffs are necessary to balance inventories and because of sluggish retail demand for word processors and typewriters.

OBITUARY

William Shockley, 79, who shared Nobel Prize with fellow Bell Labs scientists John Bardeen and Walter Brattain for 1947 invention of transistor, died Aug. 12 of cancer in Palo Alto, Cal. He left Bell Labs in 1954 to found semiconductor firm, giving birth to Silicon Valley. From 1958 to 1975 he was prof. at Stanford U. Since his rise to prominence, he alienated much of scientific communities with his theories on race. He's survived by wife, 3 children.

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
Adelphia Communications			
1989-qtr. to June 30	57,456,000	(36,229,000)	--
1988-qtr. to June 30	42,912,000	(26,722,000)	--
Atari			
1989-6 mo. to July 1	171,516,000	3,615,000	.06
1988-6 mo. to July 1	200,839,000	11,245,000	.19 ^a
1989-qtr. to July 1	82,740,000	327,000	.01
1988-qtr. to July 1	102,518,000	5,571,000	.10 ^a
Avnet			
1989-year to June 30	1,918,700,000	54,000,000	1.51 ^b
1988-year to June 30	1,817,200,000	52,200,000	1.46
1989-qtr. to June 30	456,900,000	9,800,000	.55 ^b
1988-qtr. to June 30	479,600,000	13,600,000	.38
Cablevision Systems			
1989-6 mo. to June 30	236,116,000	(34,999,000)	--
1988-6 mo. to June 30	236,182,000	(74,512,000)	--
1989-qtr. to June 30	125,411,000	24,098,000	1.03
1988-qtr. to June 30	124,381,000	(39,922,000)	--
C-COR Electronics			
1989-year to June 30	53,755,000	5,195,000	1.21
1988-year to June 30	36,480,000	1,532,000	.37 ^c
1989-qtr. to June 30	14,384,000	1,621,000	.37
1988-qtr. to June 30	11,334,000	812,000	.20 ^c
Centel Cable TV			
1989-6 mo. to June 30	86,505,000	4,672,000	.19
1988-6 mo. to June 30	74,461,000	3,911,000	.16
1989-qtr. to June 30	43,705,000	2,513,000	.10
1988-qtr. to June 30	37,795,000	2,105,000	.08
Comcast			
1989-6 mo. to June 30	263,677,000	(71,749,000)	--
1988-6 mo. to June 30	211,431,000	(9,613,000)	--
1989-qtr. to June 30	134,962,000	(30,589,000)	--
1988-qtr. to June 30	113,193,000	(7,817,000)	--
Great American Communications			
1989-6 mo. to June 30	158,277,000	(47,655,000)	-- ^b
1988-6 mo. to June 30	200,064,000	(20,176,000)	-- ^b
1989-qtr. to June 30	83,908,000	(23,641,000)	--
1988-qtr. to June 30	102,188,000	(14,792,000)	--
NEC Corp.^d			
1989-year to June 30	21,709,859	454,063	1.44 ^e
1988-year to June 30	19,117,859	178,613	0.61 ^e
Oak Industries			
1989-6 mo. to June 30	101,273,000	(7,589,000)	-- ^f
1988-6 mo. to June 30	99,452,000	3,910,000	-.05 ^b
1989-qtr. to June 30	50,640,000	(7,078,000)	-- ^f
1988-qtr. to June 30	48,473,000	539,000	.01 ^b
Pioneer Electronic^d			
1989-qtr. to June 30	749,021,000	41,354,000	.27 ^e
1988-qtr. to June 30	650,438,000	33,889,000	.22 ^e
Price Communications			
1989-6 mo. to June 30	35,361,000	(15,112,000)	--
1988-6 mo. to June 30	41,509,000	(24,485,000)	--
1989-qtr. to June 30	19,184,000	(5,022,000)	--
1988-qtr. to June 30	22,303,000	(9,807,000)	--
QVC Network			
1989-6 mo. to July 31	107,405,000	1,995,000	.13
1988-6 mo. to July 31	75,296,000	1,752,000	.12
1989-qtr. to July 31	54,919,000	812,000	.05
1988-qtr. to July 31	37,171,000	720,000	.05
Tele-Communications			
1989-6 mo. to June 30	1,381,800,000	(115,000,000)	-- ^b
1988-6 mo. to June 30	1,045,200,000	(29,200,000)	-- ^b
1989-qtr. to June 30	726,400,000	(63,600,000)	-- ^f
1988-qtr. to June 30	551,000,000	(21,900,000)	-- ^b
Telemundo Group			
1989-6 mo. to June 30	52,257,000	(27,791,000)	--
1988-6 mo. to June 30	45,272,000	(22,714,000)	--
1989-qtr. to June 30	29,782,000	(10,565,000)	--
1988-qtr. to June 30	25,068,000	(10,221,000)	--

Company & Period	Revenues	Net Earnings	Per Share
Video Jukebox Network			
1989-6 mo. to June 30	880,057	(1,442,235)	--
1988-6 mo. to June 30	586,070	5,541	--
1989-qtr. to June 30	503,071	(761,431)	--
1988-qtr. to June 30	330,259	22,606	--
Westmarc Communications			
1989-6 mo. to June 30	102,124,000	(10,478,000)	-- ^b
1988-6 mo. to June 30	50,869,000	(6,164,000)	-- ^b
1989-qtr. to June 30	52,185,000	(5,625,000)	-- ^f
1988-qtr. to June 30	28,729,000	(5,726,000)	--

Notes: ^aRestated. ^bIncludes special credit. ^cAdjusted; after special charge. ^dAt yen's current rate. ^ePer ADR. ^fAfter special charge.

U.S. electronics employment totaled 2.63 million people at end of June, up 0.8% from 2.61 million in June 1988, American Electronics Assn. (AEA) said, and up 0.4% from May. Employment by product sector, as compared with June 1988: Other (including consumer electronics, instruments, medical electronics) up 2.4% to 693,200, computers up 0.7% to 421,900, semiconductors down 1.6% to 259,400, other components down 3.5% to 362,500, software/programming up 14.9% to 351,800, communications down 4.9% to 541,200.

Semiconductor business slowed in July, after stabilizing in June following 2 straight monthly declines in April and May, Semiconductor Industry Assn. (SIA) said. Trade group's book-to-bill ratio was 0.95 (\$95 in new orders for every \$100 of products shipped), down from 0.99 in June and May. Average monthly orders for 3 months ended July 31 were \$1.19 billion, down 8.9% from 3 months to June 30 and off 5.9% from 3-month period to July 31, 1988. July billings totaled \$1.08 billion, down 25% from \$1.44 billion in June.

First demonstration of Europe's Eureka HDTV program to general public will start Aug. 25 at 10-day International Audio and Video Fair (Internationale Funkausstellung) in Berlin in 17,200-sq.-ft. exhibit sponsored by companies in 17 countries supporting Eureka. Exhibit will feature program originations by 6 European broadcasting authorities from studio stage, reproduced on widescreen sets with 1,250 lines, with sound in 8 languages. Biennial Berlin show is open to public, is expected to attract 450,000.

Hard times at Shanghai No. 1 TV Factory, said to be China's top electronics enterprise in terms of sales: With more than 50,000 sets in warehouse as result of sales slowdown after govt. slapped \$240 tax on domestic sales of color sets (TVD Aug 7 p15), "we can't afford to buy color picture tubes from abroad," factory dir. Huang Xianglu is quoted in China Daily, causing decrease in production.

Spanish-language consumer education pamphlets on VCRs, camcorders and tape and on service contracts and repair services have been released by EIA Consumer Electronics Group's Consumer Affairs Dept. They're 4th and 5th Spanish editions of CEG pamphlets. Details: EIA/CEG, 2001 Eye St. NW, Washington 20006.

LCD color TV with 4.3" display will be marketed by NEC in Japan starting Oct. 1 at about \$560. Screen has 181,440 pixels, said to be most detailed model introduced so far, with 60:1 contrast ratio. Company has no plans to sell model in U.S.

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AUGUST 28, 1989

SUMMARY-INDEX OF WEEK'S NEWS

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Broadcast - Cable

SIKES FLESHES OUT FCC STAFF as Dennis prepares to leave Oct. 1 for law firm. Stewart to head Mass Media, with Pettit back as gen. counsel. Holmes appears set for State Dept. (P. 1)

FCC ASKS COURT REMAND on indecent broadcasts, promises expedited inquiry. Agency hits 3 stations for alleged indecent programming, demands response within 30 days. (P. 2)

REGULATION DOMINATES CTAM: Cable industry marketing to focus on easing consumer complaints to govt. Industrywide ad campaign considered. Syndex rules could mean new problems. Overseas cable called 'ripe.' (P. 3) CTAM notebook. (P. 7)

TV NETWORKS PROTEST AT&T: 'Outrageous' 572% rate hike blasted in filing at FCC. Cap/ABC, CBS and NBC ask Commission to suspend plan. AT&T maintains higher rates needed to cover costs. (P. 5)

NAB SEEKS FCC MEETING: Wants fast track for AM improvements in asking for Sept. or Oct. session with Commission. Legislation also seen needed to require AM stereo in all sets. (P. 5)

CBS GETS 1994 GAMES: TV rights for Norway Olympics go to CBS, follow-up to telecast of 1992 Winter Games from France in change to stagger timing of Winter and Summer Olympics. Network pays \$300 million. (P. 6)

SIKES FILLS KEY SLOTS AS DENNIS PREPARES TO EXIT: FCC Comr. Patricia Dennis made it official Aug. 21 -- she will resign Sept. 30 to join Washington office of law firm Jones, Day, Reavis & Pogue (JDR&P) Oct. 1. And new FCC Chmn. Sikes made 2 key staff appointments Aug. 25, with more expected this week. Of most interest to broadcasters, veteran FCC staffer Roy Stewart, currently chief of Video Services Div. of Mass Media Bureau, has been promoted to chief of Bureau. He will succeed Alex Felker Oct. 1. Sikes also announced that Cheryl Tritt of GTE will be his telecommunications adviser, effective Sept. 11. Sikes, whom FCC staffers and Washington observers say is making all the right early moves, hosted dinner last week for ex-commissioners living in Washington area (and current commissioners). He will be on vacation this week with wife Marty, plans white-water raft trip in Idaho.

Other FCC appointments expected to be announced this week: NTIA Gen. Counsel Richard Firestone as chief of Common Carrier Bureau; Robert Pettit, partner in Washington law firm Wiley, Rein & Fielding, as gen. counsel; Linda Townsend, NTIA gen. counsel before Firestone and later deputy gen. counsel of Commerce Dept., as head of FCC congressional liaison, replacing Stevenson Kaminer, who was acting liaison and is expected to remain at Commission. Also on schedule, we're told, is White House appointment of

Consumer Electronics

BERLIN SHOW is technology high for 400,000 attendees. Widescreen tubes, IDTV in spotlight. Philips and Grundig ready DAT. (P. 9)

COLOR TV IMPORTS to U.S. up 27.2% to 4.9 million in first half. VCR deck shipments up 10.9% to 5.7 million. Projection, flat-screen TV, videocassette player, CD imports gain. (P. 10)

STRONG CLOSE FOR '89 seen by Zenith's McCarthy, who says company has stopped 11 years of share erosion. VCR decks improving, camcorders pose problem. (P. 11)

32-BIT CONSUMER PRODUCTS using Spare micro-processor will include ultrafast computers and work stations, 'man-machine interface,' Philips MPU chief says. May have TV application. (P. 12)

FIRST BIG-TUBE PRODUCTION starts in U.S. as Toshiba begins output of 30" and 32" in Horseheads, N.Y. Next to start will be Matsushita in late fall. (P. 12)

JVC ENTERS U.S. movie production business through joint venture with independent producer and ex-20th Century-Fox Pres.-COO Gordon. (P. 13)

CANON EXPANDS 8mm video line with 2 new camcorders featuring enhanced focusing capabilities. Sony unveils still-video camera with audio. Matsushita adds 3 camcorders. (P. 14)

Bradley Holmes, currently chief of Policy & Rules Div. of Mass Media Bureau, as dir. of Bureau of Communications & Information Policy in State Dept.

Appointment of Stewart, who has been at FCC since 1965, will be well received by broadcasters. He started as attorney in TV Applications Branch and in 1979 was appointed chief of old Renewal & Transfer Div. Pettit was legal aide to ex-Comr. Dawson, also served under her when she was deputy secy. of Transportation Dept. He will succeed Diane Killory, who has announced her resignation effective following transition period for new FCC chmn. She formerly was with Washington law firm Steptoe & Johnson and last week recused herself from all FCC matters involving that firm.

Tritt, now asst. vp-regulatory affairs for GTE in Washington, will be Sikes' telecommunications adviser, covering most areas outside of mass media, including common carrier, private radio, satellite, international. FCC said she will recuse herself from dockets in which she participated while at GTE, as well as from those in which her husband, Philip Walker, Telenet vp-external affairs, participates. For areas in which Tritt can't participate, it's expected that Sikes' senior adviser, Kenneth Robinson, will take over. Rebecca Dent, who was confidential asst. to ex-Chmn. Patrick, continues to serve in that capacity for Sikes.

Dennis resignation had been expected. Several weeks ago, she recused herself from Commission matters involving JDR&P (TVD July 31 p2). She will be partner in firm and "chair of its Communications Section." She also had recused herself from matters involving MCI, but recently withdrew that recusal. Dennis said she wrote President Bush Aug. 18 asking that she not be considered for reappointment to Commission; her term expired June 30. "Although I enjoyed the rare privilege I have had to serve the public, it is time for me to return to the private practice of law," she said. JDR&P hq is in Cleveland, has about 1,040 lawyers in 16 domestic and overseas offices, including 200 in Washington, with about dozen in communications practice. Former ABC labor lawyer in L.A., Dennis was appointed to National Labor Relations Board by Reagan in 1983, to FCC in 1986.

Richard Pogue, managing partner of Jones, Day, said Dennis "brings a depth of experience in the areas of communications and government regulation [which] will be a tremendous asset to the firm's government regulation practice." Law firm said it can be expected to begin significant expansion of communications practice, particularly in international area. Dennis has significant interest in that field and had been selected to be appointed by President to head State Dept.'s Bureau of Communications & Information Policy (post that Holmes now appears in line for) before deciding to return to private sector.

Meanwhile, ex-FCC aide Daniel Brenner has joined list of those aspiring to Dennis's Democratic seat on Commission. He was legal aide and chief speech writer for ex-Chmn. Ferris and Fowler, currently is head of Communications Law Section of UCLA Law School. Brenner also is parttime stand-up comic around L.A., has performed at several industry functions. Among others seeking FCC seat are lawyer Mary Jo Manning, exec. dir. of TV Operators' Caucus, and Brian Fontes, special legal asst. to Comr. Quello (TVD July 31 p2). Also seeking seat, are Richard Silkman, dir. of Me. state planning office who has support of Senate Majority Leader Mitchell (D-Me.) and Me. Republican Gov. John McKernan, and N.Y. PSC Comr. Eli Noam.

New Comr. Marshall was sworn in as expected on Aug. 21 by Comr. Quello -- but festivities were delayed for several min. when nobody thought to bring copy of oath of office. Marshall tapped Diane Cornell, who has been legal asst. to Dennis, to become new commissioner's legal asst. for common carrier matters. Also of interest: Ex-Chmn. Patrick is in L.A. this week interviewing with CEOs of several major program and movie producers.

FCC ASKS REMAND OF INDECENCY CASE: FCC and Justice Dept. joined Aug. 24 to ask U.S. Appeals Court, D.C., to remand pending case on indecent broadcasting, with Commission promising to act expeditiously to "collect data relevant to a judicial determination of the validity of a total ban on broadcast indecency." FCC and courts currently are at odds on issue because of ban on all broadcasts of indecent material that was mandated last year by Congress.

Commission also asked 3 stations to explain alleged indecent broadcasts during daytime, ordering them to respond within 30 days: (1) WLUP(AM) Chicago for Steve & Gary Show aired at 2:30 p.m. (2) KSJO(FM) San Jose for Perry Stone Show, broadcast at 6 a.m. (3) WFBQ(FM) Indianapolis for Bob & Tom Show at 6 a.m. In each case, FCC sent stations examples of alleged indecent broadcasts, all dealing with sexual innuendo.

Court case arose when FCC last Dec., responding to mandate from Congress, adopted new rule banning broadcast of indecent programming "on a 24-hour-per-day basis." Originally, Commission had banned airing

of such programming in 6 a.m.-midnight hours. At time rule was adopted, Comr. Dennis and First Amendment lawyers questioned whether it would "pass constitutional muster." On Jan. 23, Appeals Court stayed FCC rule same day as argument on appeal that was filed by 17 media organizations and public interest groups. Same Court had ruled year ago that indecent programming is protected by First Amendment but could be confined to certain times of day when children wouldn't be expected to be in audience. In granting stay, Court was critical of legislation that banned all indecent programming.

In seeking remand, DoJ and FCC asked for stay of all Court proceedings until Commission has had time to act. Govt. brief in case is due Aug. 29, oral argument Nov. 17. (Appellants, including NAB, RTNDA and networks, told us they would oppose FCC request for remand and for stay of Court proceedings.) In seeking remand, Justice Dept. and FCC cited June U.S. Supreme Court decision on obscene and indecent telephone calls (Sable Communications), saying it's "closely related" and Supreme Court "left open the possibility that indecent broadcasts may be banned if the government can satisfy a reviewing court that no less restrictive measure would be effective." However, DoJ and FCC said, no relevant data on subject have ever been collected and that's what Commission now wants to do -- with Court's blessing.

Commission used Supreme Court definition of indecency in Pacifica case in seeking explanation from 3 stations. Under that definition, agency said, "indecent material is language or material that, in context, depicts or describes, in terms patently offensive as measured by contemporary community standards for the broadcast medium, sexual or excretory activities or organs. More particularly, to be indecent, the material broadcast must, in context, be clear and capable of a specific, sexual meaning and be patently offensive."

Sen. Helms (R-N.C.), staunch foe of indecency on airwaves and author of successful legislation to ban such broadcasts, praised FCC action. During his travels, he said, "people have mentioned their disgust with the broadcast of indecent material as much as any other subject. More and more people are becoming concerned about the flood of filth coming across the airwaves. I think the American people are fed up with this trash that corrupts the minds of our children and erodes the values of our society."

REREGULATION AND SYNDEX DOMINATE CTAM: It was billed as marketing meeting, but fears of reregulation and consumer reaction to FCC's syndicated exclusivity (syndex) rules always seemed close to surface at annual conference of Cable TV Administration & Mktg. Society (CTAM) in Chicago last week. In main marketing move, cable officials began looking at possibility of coordinated national ad campaign that would boost cable image in much same way as broadcasters' Free TV effort.

No cable companies announced major initiatives at this year's CTAM, in contrast to last year's launch of CNBC. CTAM officials had decided to return to mode of its noncommercial days, when attendees essentially "went to school" during conference sessions rather than using meeting as chance for sellers to meet customers (TVD Aug 21 p6).

Much of marketing discussion was aimed at heading off what keynoter George Gillett, chmn. of Gillett Bestg., called "extraordinary hue and cry" being raised against cable by customers. Gillett said customer service problems, rather than rate increases, are generating most pressure to reregulate cable. MTV Pres. John Reardon, chmn. of conference, said only 16% of customers surveyed had no problems with cable in last 6 months -- and figure hadn't improved from 1987.

Cable rates aren't real cause of growing pressure for reregulation, Gillett said; it's poor service: "If the customer is happy, price becomes a dramatically secondary issue." Broadcasters shouldn't push for cable reregulation, he said, because cable and broadcasters "are truly, inextricably partners." He also said one of biggest mistakes he has ever made was not adding cable to his broadcast TV and ski businesses: "I feel like the kid at the dock who's missed the boat 3 times. And I may be missing it again."

Coordinated nationwide marketing campaign for cable was one of key topics, especially at closed-door CEO miniconference, said CTAM Chmn. David Van Valkenburg of Cablevision Industries. No definite decision was reached on launching cable answer to broadcasters' Free TV campaign, he said, but "debate did start again on whether this is the time for us to pool our resources and do some image spots." CTAM committee recommended cable operators increase their promotion budgets at least \$1 per subscriber per year.

Cable industry probably would be interested in national campaign, MTV's Reardon said, especially if there's coalition of CTAM, National Academy of Cable Programming and Cable TV Ad Bureau to develop strategy. He said that there's growing support for national campaign, pointing out that high percentage of

MSOs "bought into" previous CTAM proposal that they devote 20% of local ad availabilities to cross-program promotion, recommendation that was renewed for next year. But he said there's question whether broadcast networks would clear new ad campaign. Van Valkenburg said there's debate whether industry should launch effort to promote itself at same time as it works on improving service, or whether promotion should be delayed until service improvements are in place.

Syndex also has "potential to bring the roof down on all of us" if local cable operators don't handle it properly, NCTA Chmn. Robert Miron said. Consumer complaints of deleted programs, or even entire channels, could "amplify feedback [to Congress] many times over" at critical time for cable industry, he said, and coincidence of syndex start and cable rate increases that normally occur Jan. 1 "has a chance to become a bad dream." He suggested operators consider implications of removing programming at same time as increasing rates before deciding on rate changes.

Operators shouldn't assume syndex will be overturned or delayed, panelists said. NCTA Legal Counsel Loretta Polk said there's 50/50 chance U.S. Appeals Court, D.C., will overturn FCC decision reimposing syndex, but almost no chance either Commission or Court will delay Jan. 1 startup date. Rifkin Vp-Engineering Peter Smith said MSO already has ads prepared explaining syndex to customers and plans to buy soon at least minimal switchers, which black out exclusive programming and replace it, rather than risk waiting until too late, saying switchers don't involve a lot of money. NCTA has developed 2 ad spots to be used by operators to inform customers of syndex effects. Both spots hit hard at fact syndex is required by FCC. Panelists also recommended local operators use bill stuffers, additional letters, local origination programming, TV-radio ads and speaking engagements to get message across.

Syndex could be opportunity for cable industry, panelists indicated, especially if blacked-out programming and lost channels will push customers toward cable exclusive programming. Rifkin will replace much of blacked-out programming with cross-channel promotions for cable exclusive programming, Smith said. Panelists said it's too early to tell how many programs will be affected. Smith said Rifkin has received more than 50 exclusivity notifications, but only 2 are valid so far. Fifty-six of Rifkin's 100 systems are subject to exclusivity because of their proximity to broadcast stations, he said.

International cable marketplace is "as ripe as it can be," MTV Chmn. Tom Freston said. He said MTV already is being carried on broadcast stations in some overseas markets and will consider other technologies. But speakers at CTAM's first-ever international panel warned that overseas markets won't necessarily be "gold mine" and that cable must make major adjustments to operating methods. U.K., main point of interest for U.S. cable industry, is nearing practical deadline for awarding new franchises, Communications Equity Assoc. Senior Vp Mark Sena said. He said more than 50% of franchises already have been awarded, and all applications for viable franchise areas probably will have to be filed by end of year to meet new requirements. But he said there should be "tremendous" secondary market in U.K. franchises after 1990 and there are "lots of opportunities" in such countries as Italy, Spain, W. Germany.

Operators may have to consider alternative transmission media to generate adequate audience, panelists said. Comcast CEO Robert Clasen, whose company has been active in U.K. cable, said it's exploring other technologies. Comcast views business as retailing programming, rather than being tied to cable, he said.

Higher set penetration should be major industry goal, MTV Exec. Vp Marshall Cohen said. "We claim 57% [household] penetration for cable, but only 39% of the TV sets are hooked up," he said. At CTAM, MTV unveiled results of study of multiple hookups it conducted using Nielsen data. Study showed major cable audience increases -- up to 120% for Nick at Nite -- in homes where more than one TV is on cable. No cable network registered drop in viewing because of multiple hookups, study showed, and even broadcast networks had higher viewing. Still, multiset hookups "will further accelerate the erosion of broadcast network share" over long run, Cohen said. Switch to multiple hookups would generate additional ad revenue that could be plowed back into improved programming, he said, and would increase loyalty to cable. Study showed much higher cable retention rates in homes with multiset capability.

Seattle Mariners baseball team is being sold to group led by Emmis Bestg. Pres. Jeff Smulyan and including NBC late-night host David Letterman, terms not disclosed. Team reportedly was appraised at \$76.1 million in June; current owner George Argyros bought Mariners for \$13.1 million in 1981. Approval of deal, which conditionally provides for keeping team in Seattle at least 2 years, will be sought at baseball owners' meeting Sept. 13-14 in Milwaukee.

N.J. legislature has toughened cable piracy laws by requiring violators to make restitution to vendor for value of services stolen, N.J. Cable TV Assn. (NJCTA) reported. Violators also are subject to minimum fine of \$500 for each violation. NJCTA has estimated cable industry in state has been losing more than \$10 million per year because of piracy. NJCTA Pres. Paul Freas said new law is expected to encourage cable operators to prosecute thieves.

TV NETWORKS PROTEST AT&T: Cap/ABC, CBS and NBC jointly asked FCC Common Carrier Bureau Aug. 22 to suspend and investigate rate hike filed by AT&T under price cap regulation for TV switch operations service (TSO) that they calculate will increase rates 572% and cost networks hundreds of thousands of dollars. Networks also charged that AT&T had sandbagged them by filing rate increase before scheduled Sept. meeting with carrier to discuss future of terrestrial TV service (TTS). NAB also filed protest, asked for 45-day suspension of tariff.

TV switch operation service is used for connection or disconnection of other elements in AT&T's TV service that end in central offices. In filing for rate increase Aug. 15, AT&T said its studies showed current rate of \$5.95 per connection or disconnection recovers "only a small portion of the costs associated with TSO." New rate raising TSO to \$40 per connection or disconnection would recover its costs.

AT&T said in filing that demand for TSO option has "fallen significantly" in recent years as broadcasters have moved most of their traffic from terrestrial to other alternatives, such as satellites.

But broadcasters, in joint filing, charged: "The proposed increase would have a severe adverse impact on broadcasters' television transmission costs." Cap/ABC said preliminary estimate showed its TSO costs would increase \$166,000 yearly. Preliminary estimates by other networks show increases would be about same, bringing total for networks alone, not including other users, to \$500,000 range annually.

FCC Common Carrier Bureau has yet to accept any challenge to AT&T tariffs filed under price cap. Most challenges, by MCI or US Sprint, have been dismissed with boilerplate language.

NAB said in brief filing that AT&T's proposal "could force users to investigate possible alternative means to satisfy program transmission requirements which ought to be served most efficiently through use of AT&T Station Connection facilities." It asked for 45-day suspension of tariff.

Warner shareholders will get package of 2 types of preferred stock of combined Time Warner (TW) and stock in Chris-Craft subsidiary BHC for rest of their Warner stock, under deal announced by boards of TW and Warner Communications. Package is valued by TW at \$70 per share, same as previous shares Time bought for cash. Time bought 100 million Warner shares in initial tender and latest package is for remaining 86.8 million shares. Each share of Warner stock is to be exchanged for convertible preferred stock with 8-3/4% annual dividend with current value of \$35, another preferred stock with 11% dividend and current value of \$26, BHC common stock worth \$9. Deal is expected to close in 4th quarter, companies said. Total cost of deal is expected to be \$6.075 billion, officials said. Richard Munro and Steven Ross, co-chmn. of TW, said structure of deal will provide "balance of debt and equity that will allow us to build our businesses, capitalize on new opportunities and challenges worldwide, and ensure growing value for our shareholders."

KLTJ (Ch. 22 noncommercial) Galveston has gone on air, raising operating U.S. total to 1,429 stations -- 1,079 commercial, 350 noncommercial. KLTJ is owned by Faith That Pleases God Church, Rubin Mendez gen. mgr., Ron Brown chief engineer.

NAB SEEKS FCC MEETING: Some 3 dozen radio broadcasters, including all members of NAB radio board, have asked FCC Chmn. Sikes to schedule meeting with full Commission -- "ideally to be held in September or early October" -- on "growing consensus" that "remedial action" is necessary to halt "declining technical, economic and public service potential of AM radio." NAB wants set manufacturers and consulting engineers included. It said legislation will be needed in addition to what FCC is able to accomplish on its own, while praising efforts already undertaken by Commission. Assn. said "the gravity of this issue" was underscored by AM Futures Retreat sponsored by NAB last March.

Retreat focused on "technical and related [AM] policy matters," NAB said, and resulted in identification of steps govt. and industry should take -- "some in concert, some independently -- for genuine AM improvement to become a reality." NAB said it hopes that through dialog with govt. "there may be quick agreement and understanding as to the respective responsibilities of government and industry" to improve AM status.

Congress must play significant role also, NAB said, through passage of all-channel radio bill (requiring AM and FM in all sets, including cheapest models), with provision that all sets be equipped to receive AM stereo, much opposed by manufacturers. Such provision is contained in HR-2714, introduced by Rep. Rinaldo (R-N.J.) earlier this summer. Any legislation, NAB said, "also should deal squarely with allocation/interference policy" and assure that FCC and other agencies have authority -- "and the mandate" -- to reduce interference to AM stations, especially that caused by nonbroadcast sources.

All but 2 Cap/ABC employees who are NABET members have ratified new contract, ending months-long dispute involving about 2,500 union members. Despite failure of one NABET unit of 2 Chicago radio newswriters to approve accord, NABET signed deal and allowed it to take full effect for all other employees. Four-year contract, replacing one that expired March 31, gives all NABET employees who ratified contract 6.1-7% bonus, depending on when each unit ratified agreement, and raises of 3% in 2nd and 3rd years, 4% in 4th year. Deal limits changes in NABET seniority lists and provides improved job guarantees, but gives network more flexibility to hire per-diem employees and eliminate some work rules. Changes will "allow us in the years ahead to operate our business on a level playing field with the rest of the industry," Cap/ABC Vp-Labor Relations Jeffrey Ruthizer said. Contract covers union units at radio and TV network operations and news bureaus and at radio and TV stations in Chicago, L.A., N.Y., San Francisco, Washington. NABET, meanwhile, publicized text of letter from Pres. James Nolan to sportscaster O.J. Simpson taking issue with USA Today interview Aug. 16 in which Simpson criticized competence of NABET employees. Nolan called criticism "unwarranted and undeserving" and suggested Simpson "take an introspective look at your own personal and professional shortcomings as a broadcaster before you criticize people whose skills you should be both praising and envying."

Total time sales of independent TV stations increased 10.2% for 2nd quarter, while network affiliates' revenue was up only 3% in same period, INTV reported. Citing figures from TvB survey, INTV said local spot was up 14.4% for independents, national/regional spot 5.4%; for affiliated stations, local was up 4.5%, national/regional 2.9%.

HA AVOIDS HBO COMEDY FORMAT: Viacom and MTV aren't concerned about slower startup of their planned HA Network comedy channel, which is to debut nearly 6 months after HBO's competing Comedy Channel, MTV CEO Thomas Freston said. He said owners could move up planned April 1 launch of cable basic channel if necessary, but they don't think it will be advanced because key isn't when channel starts but whether program concept is well executed.

HA and Comedy Channel plan diametrically opposed concepts. Comedy Channel plans to fill about 85% of schedule with comedy equivalent of music videos, brief sketches from movies, standup routines (TVD Aug 21 p2). HA, which is managed by MTV, channel that popularized music video, plans to fill most of schedule with longer form comedy shows, movies.

Short-form comedy isn't attractive to viewers, Freston told us. "We have a lot of experience with short-form programming. Even MTV is evolving toward shows rather than just short music videos." Key factor, he said, is to prevent viewers from simply "grazing" on network for brief periods by encouraging them to commit to entire program. "If short-form comedy was attractive, you would see comedy radio proliferate," he said.

HA has "soft commitments" for carriage by cable operators with at least one million subscribers, Freston said. "Soft commitments" generally mean they have agreed to carry channel, but haven't signed formal agreement, he said. Freston wouldn't discuss identities of those making commitment, but Viacom has more than one million subscribers. Goal is 20 million subscribers after first year, he said, number that's higher than HBO target because he said program costs for long-form, original programming on HA are likely to be higher than HBO's.

Freston said network still is in early stage of talking to MSOs about carriage and about equity investments in HA that Viacom is seeking. Jan. 1 effective date of FCC's syndicated exclusivity (syndex) rules probably will have only minimal effect on making channel capacity available for HA, he said. Some cable systems probably will take distant broadcast signals off air after syndex, he said, but that will only "put a dent in the line" of programmers waiting to go on cable, some of which already have contracts guaranteeing them next available slot. Work has been "not easy" so far, he admitted, but he said HA has "lined up a good deal of product," reserved satellite transponder, begun hiring. It also has lined up 11-12 advertisers, he said, although none have committed to specific amount of time.

Britain's 8 satellite channels, all in the red, don't expect to break even for at least 2 years. Outlook was revealed on recent press tour of facilities of programmers that use Astra satellite, aimed at U.K. Involved are 4 Sky channels, European version of MTV, Children's Channel, 2 W.H. Smith channels (Screensport and Lifestyle). Most satellite broadcasts originate in cramped and tiny production facilities beneath film studios in London's West End that are highly automated. Exception is Sky Channel, with impressive, roomy new studios. All satellite channels are standardized on Betacam SP, using Betacart system for automation. Virtually all cameras are 3-CCD Sonys; hardly any 1" or U-matic VTRs were observed. Sky uses Super VHS for ENG.

C-SPAN will broadcast live from Augusta, Me., Sept. 5 to mark launch of its programming in 50th state capital. State Cable of Augusta is providing C-SPAN to its 18,000 subscribers.

CBS GETS 1994 WINTER GAMES: CBS announced Aug. 23 that it has obtained U.S. TV rights for 1994 Winter Olympic Games, to be held in Lillehammer, Norway, for flat \$300 million. In earlier deal criticized by other networks as too expensive, CBS won 1992 rights to Winter Games at Albertville, France, for \$243 million. Starting in 1994, Winter and Summer games will be staggered 2 years apart, with Summer Games in 1996; 1992 is last time both games will be held in same year.

NBC Sports Pres. Dick Ebersol issued statement saying network -- which has rights to 1992 Summer Games in Barcelona -- "spent considerable time examining the economics and preparing a bid for the U.S. TV rights to the 1994 Winter Olympics. But, when the IOC [International Olympic Committee] informed us that CBS was prepared to guarantee approximately \$300 million, we decided that this was substantially in excess of what their value would be to NBC and its affiliates." ABC reportedly also didn't submit serious bid.

CBS Pres. Laurence Tisch said: "CBS is very proud to be broadcasting the Winter Games from Lillehammer in 1994. Coupled with the... 1992 Winter Games in Albertville, France, this is a further demonstration of our long-term strategy to present programming that restores CBS to its leadership position in network television." Said Best. Group Pres. Howard Stringer: "CBS is committed to providing the American public with first-rate broadcast coverage of the major events of our times -- whether it be sports, in news or in entertainment."

At N.Y. news conference announcing deal, CBS said it plans about 120 hours of 1994 Games coverage, about 51 hours in prime time. CBS Sports Pres. Neal Pilson said: "The price was what we felt represented a fair market value. We expect the games to be profitable... The Winter Games give you solid February programming in the heart of your schedule. For us, the Winter Games were truly more important than the Summer Games." He said it's possible CBS may package 1992 and 1994 games to sell jointly to advertisers: "The value we have received with 2 Olympics within 2 years can be cost effective, and can enhance our sales opportunities."

Cable transactions: E.W. Scripps Co. has pulled out of agreement to purchase 9 cable systems around Knoxville from Intermedia Partners for \$100 million. Scripps gave no reason for move. Systems are part of those being sold to Intermedia and other MSOs by Jack Cooke... Adelphia Communications is acquiring systems serving 33,000 basic subscribers in Erie and Niagara Counties, N.Y., from Cable TV Fund 11-B Ltd., terms not announced. Systems currently are managed by Jones Intercable... Jones will sell Lancaster, N.Y., area system to Adelphia Communications, terms not disclosed. System has 20,700 basic subscribers... Red Rocks Cablevision purchased C & D Cable TV, with 957 basic, 377 pay subscribers, passing 1,232 homes in Chama, Dulce and Tierra Amarilla, N.M.; Red Rocks also has acquired systems in Roxborough Park, Colo., and Ellsworth, Wis., serving 1,442 basic, 587 pay subscribers, passing 2,419 homes. Broker: Daniels & Assoc... Glacier Cable Partners acquired W. Yellowstone (Mont.) Cablevision with 525 seasonally adjusted subscribers. Broker: Daniels.

Britain's Thames TV has offered \$100 million for N.Y.-based TV production company Reeves Communications. Thames is London-based independent TV producer. Reeves won't comment, but Thames said it expects reply in few weeks.

CTAM NOTEBOOK: Discord between cable and broadcasters at national level shouldn't be reflected at local level, speakers said at CTAM session in Chicago on broadcast-cable cooperation. "We have got to make our views [about desire to end conflict] known to the people at NAB, NCTA and INTV," Cox Cable Vp David Anderson said. "In a situation where the government is having more effect on us than ever, we have got to get together." Main opportunity for cooperation is in airing local news on cable, said William Avery, program dir., WNEM-TV Bay City, Mich. WNEM-TV, for example, provides its 6 p.m. newscast for later transmission on Cox Cable, plans eventually to expand to other newscasts. Panelists disagreed on whether broadcasters would trade exclusive program rights for preferred channel positions. Thomas Meek, dir.-station operations, WOFL-TV Orlando, said exclusive rights are much more important than channel position, but Avery said move from Ch. 5 to 21 cost his station 10% of audience share in area affected. WXIN Indianapolis Gen. Mgr. Joseph Young said station lost 66% of audience in affected households in move from Ch. 2 to 32.

Cable viewing reached record levels in July and is approaching parity with broadcasting, Cable Ad Bureau (CAB) reported. It said cable reached 42 share for total day, compared with 44 for network affiliates, 17 for independents. Prime-time shares were 47 for broadcast, 40 cable, 18 independents. Cable beat network affiliates in late fringe and weekend afternoons -- 48 share in late fringe, vs. 40 for affiliates and 16 for independents, and 52 share weekend afternoons, compared with 29 for affiliates and 22 for independents. Cable continued to add 300,000 net subscribers per month, CAB said.

Trend is likely toward all-news local broadcast stations as cable dilutes over-air audience, Discovery Channel CEO John Hendricks said. As cable grows, he predicted, network audience shares will decline to 11-14% each, and weakest network is likely to withdraw from providing expensive entertainment programming. Logical alternative is all-news format, Hendricks said. Cable operators should offer to cooperate with broadcasters on local all-news channel, he said, because such channels "probably will develop anyway and cable may as well be involved."

Cable Alliance for Education (CAE) is way to attract next 42 million cable customers, Turner Bestg. Vp-Education Gary Rowe said. He predicted industry will develop loyalty among school children if local cable operators actively promote new cable-sponsored educational initiatives such as CNN Newsroom. CAE is launching pilot programming this school year and will roll out full program next year. CAE said board and list of founding members is to be finalized next month and to be announced formally in late Sept.

Marketing packages for next April's National Cable Month were distributed at CTAM, months earlier than in past. Char Beales, NCTA vp-programming and marketing, said late distribution was main criticism of previous efforts. Campaign will be similar to last year's, but will be more "action-oriented," said United Artists Pres. Fred Vierra, co-chmn. of 1989 campaign. Marketing materials created by HBO will include 30-sec. generic promotional spot, reel of more than forty 30-sec. spots for individual cable networks, 30-sec. radio spot, print and mail materials, guide for community relations projects.

CTAM announced 120 winners of cable marketing annual excellence awards. Main winners were Twin Cities Cable Consortium in under-100,000-subscriber category,

Cooke Cablevision of Syracuse in over-100,000 category, MTV Networks for program suppliers. Jones Chmn. Glenn Jones won CTAM's highest honor, Grand Tam, at convention. Other awards: (1) "Tami" to MTV Pres. John Reardon and Warner Senior Vp Lowell Hussey. (2) Best case studies of ways to improve cable marketing to officials of ATC Birmingham, Austin Cablevision, Comcast, Continental, Cox Cable Omaha, Heritage, Inland Valley Cablevision, Jones, Metrovision, Times Mirror Cable, Viacom, Region Cable St. Andre of France.

MTV creator Robert Pittman may go to work for Warner Cable, he confirmed after luncheon speech to CTAM. Now CEO of Quantum Media, Pittman said move isn't a done deal and refused to say what his role would be. But he won't create new version of MTV, he said, because he's bound by noncompete agreement with Viacom... Learning Channel will begin 16-part series Nov. 6 aimed at improving adult literacy, will offer 19 programs designed for in-school use... FNN had 150% growth in weekday ratings in most recent quarter, giving it all-time high viewing, network announced. FNN moved up to 7th place among 16 ad-supported cable basic networks for daytime Mon.-Fri., with 0.4 rating.

Formal announcement of new Global Village Network is expected Oct. 1, and basic cable network expects to go on air in Sept. 1990, Pres. Gloria Borland said. Network will focus on international business, she told us, with mostly original programming. Borland said launch capital is lined up, but wouldn't disclose details of financing, carriage agreements or advertisers until Oct... Warner Cable consolidated regional telemarketing facilities, moving its Long Beach, Fla., and Oshkosh, Wis., operations to Columbus, O.

New Neb. educational telecommunications system using satellite and fiber optics technologies is to be managed by Neb. Educational TV (ETV). First phase of multiyear project, funded by \$1.11 million state appropriation, calls for network to replace microwave interconnection of 7 of its 9 transmitters. Second phase, for which plans are being completed by ETV and schools group, envisions such enhancements as statewide availability of U. of Neb.-Lincoln's corporate instructional service and interconnection of state's 72 regional Cooperative Extension offices. Double-wide C-band transponder will be leased from GTE Spacenet for this phase, which Neb. ETV said allows for 2nd broadcast video signal plus 12 one-way or six 2-way compressed video signals. Overall system, called NEB*SAT, will allow interconnection of regional educational entities. Proposed fiber optic project would link Chadron State College, Western Neb. Community College, school districts. Vendors to provide services, in addition to GTE Spacenet, are Pinzone Communications Products for satellite uplink/downlink equipment and U S West for fiber optic and analog design work.

Independent TV station owners American TV & Communications Inc. (ATVC) and Dudley Bestg. Mgmt. are merging under aegis of Trivest Financial Services, which owns 60% of ATVC (other 40% is publicly held). Dudley principals are brothers Richard (former pres.-CEO of Forward Communications) and Robert (ex-head of several rep firms). Dudleys bring into deal WXMI (Ch. 7) Grand Rapids and KTZZ-TV (Ch. 22) Seattle; ATVC provides WTGS Savannah and WTAT-TV (Ch. 24) Charleston, S.C., which it's purchasing from ACT III Bestg. Group said it's in market for additional stations. ATVC has signed management contract with Dudley Bestg.; Richard is joining as exec. vp, Robert goes on board as vice chmn. Coy Eklund, ex-CEO of Equitable, is chmn. of Trivest.

Personals

Changes at ABC TV Network: Marvin Goldsmith promoted to senior vp-gen. sales mgr., succeeding late John Tiedemann; George Cain advanced to senior vp-national sales mgr... Tyrone Brown, ex-FCC commissioner, takes year's leave as partner in law firm Steptoe & Johnson to serve as pres. of District Cablevision and District Cable Ads; he's also publisher of *Emerge* magazine, which launches Sept. 18; Robert Johnson, head of Black Entertainment TV and District Cablevision, of which Brown is stockholder, named co-chmn. of finance committee for reelection campaign of Washington Mayor Marion Barry.

Michael Janeway, former exec. editor, *Atlantic Monthly* magazine, becomes dean, Northwestern U. Medill School of Journalism, succeeding Edward Bassett, named dir., U. of Wash. journalism school... Jane Eaton promoted to dir.-membership and registration, NATPE International... Mary Kazmierczak adds post of sales mgr., Jerrold Distribution Systems Div.; John Spencer joins Jerrold U.K. as dir.-mktg.

Michelle Kearney, ex-Lorimar Telepictures, appointed consultant-international sales, Orbis Communications... Thomas Morgan, N.Y. Times reporter, elected pres., National Assn. of Black Journalists, succeeding Wayne Wickham, Gannett News Service.

Barbara Tranchito advanced to mgr.-media services, NBC West Coast... David Skillman, ex-vp-western region, promoted to vp-gen. sales mgr., Turner Program Services... Barbara Title, ex-Showtime Networks, moves to vp-Viacom Pictures... Jeff Burton promoted to sales mgr.-Dodgers Team, Blair TV, L.A.; Rick Rubin to sales mgr.-Lakers Team... Changes at Nostalgia Channel: Ed Palluth advanced to western regional sales mgr.; Ashley Smith, ex-Prism Inc., joins as southeast regional mgr... James Faircloth, pres. of broker Hardesty, Puckett & Co., relocates to Atlanta to open office there along with James Hall, senior vp... Marion Swaybill, ex-NBC News, named dir.-co-productions, WNET N.Y... Ruth Armstrong, ex-Source Telecomputing, appointed assoc. dir.-mktg. and operations, PBS Enterprises Inc., for-profit subsidiary.

Donald McClellan, ex-special asst., Policy & Rules Div., FCC Mass Media Bureau, named legislative asst. with telecommunications policy emphasis, to Senate Communications Subcommittee member Burns (R-Mont.)... Changes at WXXI-TV Rochester, N.Y.: Luise Fuzy advanced to mgr.; Mark Leonard, ex-Greater Rochester Cablevision, named dir.-production... Karen Clark promoted to dir.-communications, WBBM-TV Chicago.

INTV, NAB and MPAA asked FCC to make public confidential affidavit filed by General Instrument (GI) in connection with Commission's inquiry into whether syndicated exclusivity (syndex) should be expanded to satellite home dish market. Groups asked Mass Media Bureau to deny confidentiality to affidavit, designed to back up GI claim that it's technically impossible to impose syndex on home dishes. GI said information could be used to help compromise security of next-generation VideoCipher descramblers and affidavit included commercial information and trade secrets that should be protected. However, INTV said comments filed by Eastern Microwave, which supported GI, indicate GI made information available to its supporters, so it can't be withheld from opponents. Filers also said keeping information secret makes it impossible for opponents to analyze or critique GI arguments.

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Broadcast transactions: American Family Best. Group sold KTIV (Ch. 4-NBC) Sioux City to Quincy (Ill.) Newspapers for undisclosed amount of cash. KTIV will become Quincy's 5th TV station; American Family owns 8 network-affiliated stations... Cosmos Bcstg. has canceled planned \$70-million sale of WFSA-TV (Ch. 12-NBC) Montgomery, Ala., to Retirement Systems of Ala. -- citing likely protracted legal battle. Gov. Guy Hunt and others had protested purchase of station by state's pension plan, arguing that press freedoms could be violated and that state constitution prohibits govt. entity from competing with free enterprise. Cosmos sale of WDSU-TV (Ch. 6-NBC) New Orleans to Pulitzer Publishing for \$46.8 million still is on track... Durham Life Bcstg. has placed WPTF-TV (Ch. 28-NBC) Durham-Raleigh on market, saying that if station is to continue its progress it should be owned by large group.

OBITUARY

Betty W. Endicott, 48, vp-gen. mgr. of WTTG Washington and veteran of more than 20 years in TV news, died of cancer Aug. 19 in Suburban (Md.) Hospital. She was named WTTG gen. mgr. in 1986, before that was vp-news 4 years. She also had been news dir. at WDVM Washington and worked for UPI and TV stations in Minneapolis and Cleveland before joining WRC-TV Washington in 1967. Survivors include daughter, son.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 2nd statistical week of Aug. and year to date:

	AUG. 5-11	1988 WEEK	% CHANGE	JULY 29- AUG. 4	32 WEEKS 1989	32 WEEKS 1988	% CHANGE
TOTAL COLOR.....	285,900	316,083	- 9.5	430,132*	12,362,825	10,956,660	+12.8
DIRECT-VIEW...	281,028	312,314	-10.0	426,399*	12,247,007*	10,814,363	+13.2
PROJECTION....	4,872	3,769	+29.3	3,733	115,818*	142,297	-18.6
TOTAL VCR.....	174,875	172,214	+ 1.5	266,170*	5,900,779	6,267,718	- 5.9
DECKS.....	155,816	149,556	+ 4.2	227,210*	4,827,895	5,293,384	- 8.8
CAMCORDERS....	19,059	22,658*	-15.9	38,960*	1,072,884*	974,334	+10.1

Color TV 5-week moving average: 1989--372,783*; 1988--355,206 (up 4.9%).

VCR deck 5-week moving average: 1989--170,160; 1988--167,407 (down 1.6%).

Camcorder 5-week moving average: 1989--36,139; 1988--39,212* (down 7.8%).

* Record for period.

BERLIN SHOW -- A TECHNOLOGY HIGH: With 400,000 visitors expected, huge Internationale Funkausstellung (Audio-Video Fair) opened Fri. (Aug. 25) in Berlin on a technology high. With satellites now transmitting more programming than Europeans ever dreamed of, including experimental MAC broadcasts, with HDTV becoming household initials and "digital" the magic word, manufacturers were steering careful course between telling all and overdazzling public into expecting too much too soon.

Widescreen (16:9) picture tube and projection TV sets generally were confined to back rooms, and there were no definitive announcements of their availability, but manufacturers clearly expect new aspect ratio to come before HDTV becomes reality. Thomson's Telefunken showed widescreen direct-view TV set that could accommodate "cinema" version of standard 4:3 picture (by cutting off top and bottom) and letterbox-format broadcast or recorded movie. It also could show 4:3 picture in standard proportion, with 3 "pictures outside picture" in extra space alongside, or just static design to occupy that space.

Philips showed own version of same idea, but Consumer Electronics Div. CEO Jan Timmer cautioned against premature adoption of widescreen -- "although we can display 4:3 transmissions on a 16:9 receiver, there is no agreement yet on how this should be done," he said, calling for standardization before concept is exploited. He also noted that Advanced PAL EDTV -- one version of which, PAL Plus (TVD Aug 7 p15) was being transmitted during show -- won't be available before 1993.

One advanced concept available now -- IDTV and related line and frame-doubling systems -- was demonstrated widely in many tube sizes. In Europe, doubling number of lines is far more dramatic than in U.S., since increasing field rate from 50 to 100 Hz completely eliminates characteristic flicker of PAL system and cuts out interline flicker as is seen in NTSC transmissions.

Digital audio tape (DAT) recorders were in evidence at a few stands, but in many cases manufacturer spokespersons seemed as confused as consumers about recent hardware-software agreement (TVD July 31 p10 et seq). Two companies that weren't confused were Philips and Grundig. Grundig announced it would have DAT recorder incorporating new Serial Copy Management System (SCMS) in April or May at about \$1,400 in Europe; it's widely expected same model will be sold in U.S. by Grundig distribution here.

Philips also will have model in 1990, Timmer said. Philips DAT Product Mgr. G.C. Wirtz, "inventor" of SCMS (when it was called Solocopy), said Philips would introduce DAT recorder before legislation is enacted in European Community (which could take 2-4 years) only if it were assured that "everyone else will stick to the rule."

Recordable CDs still are quite far in future, Philips executives said. "Philips acknowledges that copyright problems similar to those associated with DAT will arise with the introduction of such a product," Timmer said. "In cooperation with the music industry and the Japanese hardware industry, another joint working group will be convened [and] we do not intend to market CD-recordable or CD-erasable before the copyright issue is solved and before we have agreed to a world standard for these products." Other Philips officials said Tandy had been actively involved as observer in many of discussions leading to DAT standard. In reply to question, Timmer said Philips has developed own CD recording system and "over 20 companies have different versions... There will be a lot of talk necessary to come to an acceptable standard. Technology is not enough. There must be consultations with the software industry. A standard reasonable machine for consumer use is still quite a few years away."

Grundig added 8mm format, as foreshadowed here (TVD July 17 p15), demonstrating standard 8mm and Hi8 camcorders and combination 8mm VCR with 4" LCD -- all made by Sony. Philips' Timmer, conceding 8mm had about 40% of European camcorder market "and is intensifying," said in answer to question: "We are watching [8mm] development with great interest but right now we would like to stick to VHS." We will have further report on Berlin show next week.

VIDEO PRODUCT IMPORTS UP IN FIRST HALF: Color TV imports into U.S. increased by wide margin in first half, compared with same 1988 period, Commerce Dept. trade statistics showed. VCR deck imports also rose in first 6 months, boosted by higher shipments from Korea, Taiwan and newest supplier, Thailand. Increases also were reported for projection TV, flat-screen TV, videocassette players, Compact Disc (CD) players.

Complete color TV set imports, including color TV kits with picture tubes, rose 27.2% to 4,907,200 in first half. B&w TV imports were down 5.2% to 1,361,800, putting total TV at 6,269,000, up 18.4%. In June, color TV imports jumped 31.6% to 870,600 and monochrome TVs 39.7% to 262,800 for 1,133,400 grand total for month, up 33.4%. Color TV imports by U.S. increased from year-earlier totals in all 6 months of first half and have risen for 10 straight months dating back to Sept. 1988.

VCR deck imports totaled 5,689,600 in Jan.-June, up 10.9%. Japan's total rose 0.1% to 3,927,700, Korea's 35.3% to 1,212,800, Taiwan's 15.7% to 347,600. Newest source of VCRs is Thailand, which shipped 179,700 decks here in first half. Of total deck imports, 31% came from non-Japanese suppliers, compared with 23.5% in 1988's first half. June VCR deck imports totaled 990,400, up 8.5%. Japan shipped 720,600, down 3.7%; Korea 157,800, down 0.2%; Taiwan 66,900, up 13.9%. Decrease for Korea was first since May 1988. Thailand delivered 37,100 decks in June.

U.S. received 1,078,500 camcorders in first half, virtually all from Japan. 8mm camcorders totaled 278,800, accounting for 25.8% of total, up from 20.7% in first quarter. VHS camcorders shipments were 799,700 in Jan.-June. In month, 190,500 camcorders were shipped here, 38,300 (20.1%) in 8mm format, 152,200 in VHS. There are no year-earlier comparisons because Commerce wasn't tracking camcorder imports then. Camcorder imports in first half exceeded sales to dealers by 23%, improvement from 38.7% in first quarter.

Projection TV imports rose 125.8% to 85,200 in 6 months, and June shipments were up 42.6% to 7,500. Flat-panel (LCD) TVs increased 31.6% to 25,500 in first half, with huge 1,119% jump in June to 17,600. Videocassette player imports soared 77.1% to 433,400 in half, 327,000 from Korea and 102,400 from Japan. June VCP shipments were record 109,700, up 107.7% from June 1988. First-half TV camera imports: Color down 46.7% to 39,800, monochrome down 13.9% to 148,400. June camera imports: Color down 75.9% to 4,820, monochrome up 2.9% to 26,600.

CD player shipments increased 29.8% to 2,444,200 in half. Major suppliers were Japan (1,805,400), Singapore (221,600), Korea (139,600), Mexico (108,100). In June, CD player shipments rose 59.7% to 542,400.

Screen-size breakdown now is reported by Commerce in centimeters, rather than inches, in accordance with Harmonized Tariff Schedule used worldwide. Breakdown as currently supplied is virtually useless because several important TV screen sizes, such as 13" or 20", could fall into more than one centimeter category. Approximate conversions: 21-&-under (8"-&-under), 22-26 (9-10"), 27-33 (11-13"), 34-35 (13-14"), 36-37 (14-15"), 38-39 (15"), 40-45 (16-18"), 46-50 (18-20"), 51-52 (20"), 53-&-over (21"-&-over). Here's picture of first-half complete color and b&w TV imports by screen size:

Color	Total	% Share	Monochrome	Total	% Share
Combinations.	148,400	3.0	16-&-under, comb.	301,100	22.1
21-&-under...	167,000	3.4	17-&-under.....	475,500	34.9
22-26.....	145,000	2.9	18-22.....	67,100	4.9
27-33.....	476,500	9.7	17-&-over, comb..	69,700	5.1
34-35.....	1,873,400	38.2	23-26.....	11,500	0.8
36-37.....	35,900	0.7	27-33.....	329,900	24.2
38-39.....	2,200	0.1	34-45.....	11,200	0.8
40-45.....	13,400	0.3	46-&-over.....	9,200	0.7
46-50.....	1,212,200	24.7	Monitors.....	86,700	6.4
51-52.....	612,400	12.5	TOTAL	1,361,900	100.0
53-&-over....	114,100	2.3			
Monitors.....	106,700	2.2			
TOTAL.....	4,907,200	100.0			

ZENITH'S MCCARTHY SEES 'STRONG CLOSE' TO 1989: Year is headed for "strong close to the 3rd quarter and a bang-up 4th quarter," in view of Zenith Sales Co. Pres. Gerald McCarthy, who said company has stemmed 11-year tide of static or shrinking market share. As for dearth of recent speculation about fate of company's consumer electronics operation, he commented: "It's amazing what good business does in terms of stopping rumors."

Color TV industry's sales are continuing to run at 21.5-22 million annual rate, McCarthy told us, Aug. sales "bouncing back beautifully" from slow July business. In addition, "prices continue to be holding in color TV, and that's something we haven't seen in the 24 years I've been in this business." McCarthy pointed to "11 successive months of exceeding our sales forecasts in color TV and decks," with "further improvement of the remarkable turnaround" as year comes to close.

McCarthy thinks retail prices finally will begin to rise. "I think we see recognition by retailers that they're going to have to pass along these increases by manufacturers." Business is "stagnant" compared with growth in past years, he said, "and they realize that there are not many factors which increase profits -- they can increase volume, decrease costs or increase prices. Everybody's already very cost-conscious -- there's not much blood left in that turnip. When volume levels off, the only factor left is to improve their price position."

In VCR decks, McCarthy looks forward to "some improvement in the 3rd and 4th quarters, and a reasonably good holiday season." Replacement business is growing, but even with strong close to year, "I don't think we'll see the 10.8 million we sold last year -- it will probably be a million less, but we should return to a 10-million rate" for 2nd half. Inventory position is relatively healthy, McCarthy said -- "I don't see the glut we've had in the past." He also expects repeat customers to buy higher end products. "The people coming back [in the market] are those who paid \$700 and \$800 for a deck 8 or 9 years ago, and they're quite surprised to find they can now purchase a [much better] deck for less than half of the cost of their first deck."

Spurt in sales of MTS stereo TV should rub off on VCRs with increasing sales of stereo versions, McCarthy said. He said longitudinal stereo market still is active -- "I suspect this business is occurring more in types of outlets where there aren't a lot of salespeople; stereo must be sold, and people who buy longitudinal may not be sophisticated enough to understand the difference." As for Super VHS -- "there's no life in it." As precedent, McCarthy cited other products that didn't take off until they crossed "\$500 threshold."

Camcorder has become major problem area. "Prices are continuing to plummet, and nobody in the entire chain is making any money in this business -- manufacturer, marketer, retailer." Situation will continue until inventory control improves. "The dealer is caught with inventories of old models," McCarthy said, "and manufacturers have delayed putting out new products." One problem, he believes, is that there has been no research on ultimate saturation of camcorders. "It's a product that's highly skewed to the younger family -- it probably will never reach the true mass level." VHS-C isn't doing "as well as we'd like -- 8mm has had an impact but there's still hope that promotional activity will instill some life in that product."

Zenith is keeping eye on "resurgence in the videodisc business -- everybody has to have an interest in that," McCarthy said. As for Compact Disc players: "We look at it all the time -- my fond hope is that we find an economically feasible way to get back into that business."

Company's market share is on the rise, he said. "We have stemmed the erosion." He attributed reversal to strength of product line and Zenith's distribution system, which he said has benefited from RCA's move to direct selling -- "our distributors have again proven their worth to the nucleus of the retail community that sees the merit of dealing with wholesale distributors. Our distributors are continuing to beat their numbers."

32-BIT CONSUMER PRODUCTS: New categories of consumer electronic products could result from adoption of 32-bit Sparc microprocessors, said Peter Draheim, dir.-Philips Components, responsible for MOS IC business in Eindhoven and microprocessors worldwide.

Philips Components recently took license to design and market 32-bit microprocessors based on Sun Microsystems' Sparc architecture and joined consortium Sparc International to establish Sparc as world standard for RISC (reduced instruction set computing) microprocessors (TVD Aug 14 p12).

This powerful processor, to be used in new generation of intelligent consumer electronics, is "ideal for the approaching era of personal computers and work stations as consumer products, as well as for man-machine interface," Draheim said. "When the computer becomes a true consumer product, we will need a very powerful microcontroller," he said, and Philips is betting on Sparc.

In realm of man-machine interface, Draheim cited combination and integration of all automotive electronics -- combining audio system with electronic car system status indicators -- into dashboard-mounted panel. It also could make significant contribution to 2nd-generation CD-I, vastly increasing its power and versatility ("we have already developed the first generation"). Draheim answered speculation that Sparc may be applicable to digital TV by saying that 8-10-bit processors are "more applicable" to TV than 32-bit, but may have applicability to systems of direct interaction between personal computer and TV.

"It will take about 2 years to implement architecture" for Sparc systems, Draheim said. "Now we will go to our customers and discuss how they can use it." He said Philips chose Sparc because it's emerging standard, can be used with open architecture, has many applications, is supported by system houses. "Most importantly, it can be integrated on a small scale, [and thus] is very applicable to our intended market areas. Software is readily available and prices are competitive."

All-digital circuitry for TV still is tradeoff, depending on how many digital features are used in set, Draheim said: "For a long time the low end will be completely analog, but with medium- and high-end sets with many digital features, it's an economic decision by hardware manufacturers as to whether to go all-digital or have several analog-to-digital and digital-to-analog interfaces."

International Thomson's retail magazines are for sale. Electronics-oriented publications -- Consumer Electronics Monthly, Cablevision, Autosound and Video Business are being listed with broker. Rest of magazines -- Floor Covering Business, Convenience Store Management, Toy & Hobby World and Non-Foods Merchandising -- will be sold directly.

Official Blank Tape Tests has been published at \$4.95 by Video magazine with performance rating charts of VHS, VHS-C, Super VHS/S-VHS-C, Beta/ED Beta and 8mm/Hi8 tapes, along with articles on tape. Among 58 VHS T-120 tapes tested, leaders were by Fuji, JVC, Maxell, Scotch, Sony, TDK. Details: Video magazine, 212-947-6500.

BIG-TUBE OUTPUT STARTS: First over-27" tubes to be made in U.S. came off production line last week as Toshiba Display Devices (TDD) held ceremony at plant in Horseheads, N.Y., to mark first fruit of new wave of domestic tube production expansion. Second giant-tube plant -- Matsushita Electronics facility in Troy, O. -- is understood to be in pilot production, with formal opening due in late fall.

The \$100-million expansion of TDD plant (TVD June 20/88 p13) enables it to produce 30" and 32" tubes in addition to 19" and 20" it has been making since it started production in Nov. 1986 as Toshiba Westinghouse Electronics Corp. Last Oct., Toshiba bought Westinghouse's interest in plant. Toshiba introduced its first TV sets designed for U.S.-made 32" Super Tube last spring (TVD April 19 p12).

With picture tube industry running at full capacity, TDD has been working on 24-hour 7-day week producing 1.5 million tubes in first year with 775 employees. Expansion created 400 more full-time jobs and 350 temporary construction jobs.

Rest of industry is rushing to construct or enlarge facilities for big-screen tubes. Thomson has \$100-million project to expand Marion, Ind., facility for 31" and 35" tubes. Matsushita Electronics (35% owned by Philips) plans production of 27" and 31" at \$160-million Troy plant. Philips should announce plans soon for new plant, probably in Ann Arbor, Mich., for giant tubes. Sony is making 27" Trinitrons in San Diego, is believed planning to expand to 32". Mitsubishi, which makes color tubes in Canada, is understood to be considering large-screen tube plant in U.S.

Conferences ahead: Entertainment '89 on interactive entertainment will be sponsored by Alexander & Assoc. and Nynex Oct. 30-Nov. 1 at Marriott Marquis Hotel, N.Y. Subjects will include interactive TV, CD formats, videotape, videotex, games, etc. Details: Alexander & Assoc., 28 W. 44th St., N.Y. 10036 (212-382-3929)... Electronic Imaging '89, Hynes Convention Center, Boston, Oct. 2-5, will feature digital multimedia, interactive video, optical storage systems, technical advances in TV systems. Details: BIS CAP International, 77 Rumford Ave., Waltham, Mass. 02154 (617-893-9130).

Trade tariffs on certain electronics imports from Canada, including TV sets, VCRs, tape recorders and semiconductors, may be eliminated by as early as Jan. 1. U.S. Trade Representative's Office asked International Trade Commission (ITC) to investigate possible impact of tariff removal on U.S. consumers and domestic manufacturers. Current U.S.-Canada free trade agreement calls for tariffs to be cut 20% annually through 1993, or 10% yearly through 1998. ITC will hold public hearing on issue Sept. 11-15. Also included are phones, word processing machines.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 143 yen = \$1, except where noted.

JVC GOES TO HOLLYWOOD: First Japanese consumer electronics company to make major splash in U.S. feature film business is JVC, which last week announced long-term joint venture with independent producer and ex-20th Century-Fox Pres.-COO Lawrence Gordon, whose films include such hits as *Field of Dreams*, *Die Hard*, *48 Hours*.

New company -- Largo Entertainment -- will have 9-figure war chest and ambitious plan to produce 2-6 films annually, each budgeted at \$20 million and projected to gross at least \$50 million theatrically, JVC officials said last week at Tokyo news conference. Largo will determine distribution except in Japan, where JVC is largest video software supplier and will handle those responsibilities. Plans for U.S. home video activities apparently haven't been determined, spokeswoman for Gordon said.

First Largo film hasn't been picked, but JVC spokeswoman said it probably will hit U.S. theaters in summer or fall 1990. She emphasized that "what counts is not the number of films we make but the quality of each movie." Although risk associated with each film obviously increases with size of its budget, she said JVC believes "large-budget movies do have a better chance to succeed and the present motion picture market is dominated by those big-budget A movies."

In addition, she said, Gordon has established himself as "very successful big-budget movie producer," with average \$20 million production budget for his output in last 3 years. Largo has no plans to make exclusive distribution arrangement with single studio, JVC said, but "it is clearly envisioned that the films will be theatrically distributed only by major studios."

Venture was described as "jointly and equally owned" by JVC Entertainment, L.A.-based international and music operation established Aug. 1, and by Gordon, who will be chmn.-CEO and have "complete autonomy" over Largo. JVC Entertainment is being headed by Chmn. Selichiro Niwa, senior managing dir. of Japanese parent, and Pres. Isamu Tomizuku, former VHD Enterprises pres. who has been based in L.A. since 1981. New company will make all investments in Largo.

JVC also considered buying studio -- reportedly Columbia Pictures -- but spokeswoman said "no specific talks" were held. Instead, she said, company saw joint venture with Gordon as "much more promising and wiser" way to "commit ourselves to the filmmaking business long term" than buying existing company. However, JVC is interested in broadening U.S. entertainment operations by purchasing video and/or record label, but "those are not our immediate concerns," spokeswoman said. Company, which says it also is largest record supplier in Japan, hasn't ruled out purchase of studio, either.

JVC approach is somewhat different from that of rival Sony, which expanded into theatrical films from home video via its SVS (formerly Sony Video Software) unit but reportedly has been attempting to buy studio. With purchase of CBS Records, company also gained strong presence in U.S. music business.

Philippine govt. is reviewing applications from Clarion, Rohm, Sanyo and Sony to establish production facilities there. Japanese firms plan to make audio equipment and components in plants. Sony will invest \$8.4 million in venture and employ 2,000, Philippine govt. source said.

SONY NET UP 44%: Sony consolidated net income soared 44.2% in fiscal first quarter ended June 30 on 23.4% higher sales (see financial table). Company cited strong sales in video equipment and record businesses, with 8mm products particularly high. Operating income jumped 96.2% to \$417 million (144 yen = \$1), aided by higher sales, reduced costs.

Video equipment sales increased 26.3% to \$1.1 billion. Sales of other product groups: Audio equipment up 24.6% to \$1.02 billion, TVs up 24.7% to \$611.3 million, other products up 18.5% to \$580.1 million, records up 19.7% to \$644.2 million. Sony cited strong sales of large-screen color TVs, 8mm camcorders, Compact Disc players, minicomponent stereos. Sony said 40% of its VCR decks sold were VHS format, other 60% Beta.

U.S. sales rose 28.2% to \$1.14 billion, in Japan 17.2% to \$1.3 billion, in Europe 28.5% to \$908.6 million. Sales to other areas were up 21.3% to \$592.6 million. Sony said it will continue to expand software business and overseas operations.

At news conference in Japan announcing first-quarter results, Sony released worldwide production figures for quarter: Color TV 1.15 million, 8mm camcorders 550,000, 1/2" VCR decks 500,000, CD players 1.6 million, Walkman 3.15 million. Sony said it's producing 2.3 million 8mm videotapes and 12 million 1/2" videotapes monthly. For full year, it expects to make 5.2 million color TVs, 2.4 million VCRs, 2.4 million 8mm camcorders, 6.5 million CD players.

Certron reported net profit in 3rd quarter ended July 31 on 11% higher sales, compared with loss in same year-earlier period. In first 9 months, net rose 91% on 15.3% higher sales.

Tandy net rose 2.3% to record in year ended June 30 on 10.2% higher sales. Net declined 0.6% in 4th quarter, on 10.3% sales gain.

Sound Advice net was up 28.7% in full year to June 30 on 39.9% higher sales. In 4th quarter, net rose 15.6% on 39.2% sales gain. Retailer credited new stores in Orlando area for improved results.

BMC Industries, producer of aperture masks for color TV picture tubes, reported 14.1% lower net profit in 2nd quarter ended June 30 on 8.7% higher sales. BMC cited strong worldwide demand for aperture masks. New plant in Cortland, N.Y., is operating, expects full production by 4th quarter.

Mergers & Acquisitions: Thomson-CSF, publicly held defense electronics affiliate of state-owned Thomson of France, is expected to acquire most of Philips' European defense interests by year-end. Value of deal wasn't disclosed... **Leading Edge Products**, maker of IBM-compatible personal computers, will be purchased by Daewoo Telecom, Korean computer and communications equipment manufacturer, following approval by creditors of Leading Edge reorganization plan, and subsequent U.S. Bankruptcy Court confirmation. Terms weren't disclosed... **Atari** said it is talking with several potential buyers of Federated Group retail operation, but wouldn't identify them.

GE and Ericsson of Sweden formed joint venture to produce cellular phone equipment. Venture, Ericsson-GE Mobile Communications, to be owned 60% by Ericsson and 40% by GE, will be based in U.S. It will start with 4,750 employees.

CANON EXPANDS 8MM LINE: Canon broadened line of camcorders with introduction of two 8mm products, one featuring Hi-band recording capability and both with new 180° rotating combination grip/viewfinder and automated multifunction zoom lens.

Hi-band model, Canovision H660 (\$1,949), has 1/2" 360,000-pixel CCD image sensor, auto focus, 6x power zoom lens with auto framing, focus memory, zoom memory, AF macro features, wireless remote control, weighs 2.9 lb. without battery. Hi-band system provides horizontal resolution of 400 lines. Other features include S-video output, character generator, digital superimposer, high-speed shutter, 7-lux capability. Other model, E640 (\$1,749), has same features but is standard 8mm camcorder with 8x power zoom. Both will be available in Sept.

Canon Video Div. Vp Sparky Wren said 8mm has increased its share of overall camcorder market and of 8mm market. He said Canon expects 1989 camcorder sales to top by 90%. Canon has added 7 camcorders to line since beginning of year -- 3 with Hi-band feature -- and will introduce lower priced 8mm unit before end of year. Wren said ad budget for 8mm products will increase, didn't give dollar amount.

Sony will double monthly production of its Handicam 55 8mm camcorder in Japan to 100,000 by end of year. It said demand has exceeded projections, and it will begin exports to U.S. in Sept. Sony is adding new production lines at 2 Japanese plants to boost camcorder output.

Sony also introduced consumer electronic still-video camera capable of recording audio. Camera, Sound Mavica (\$607 in Japan), records up to 10 sec. of audio with each video image stored on 2" floppy disc. Sales will start in Sept. in Japan, with exports to U.S. in Oct., Sony said. It plans monthly production of 10,000 cameras. Optional controller (\$210) allows postrecording, autoreproduction, high-speed reproduction.

Matsushita introduced 2 VHS-C camcorders and one Super-VHS-C camcorder in Japan. Lower priced VHS-C unit (\$755) has flying-erase heads. Other VHS-C camcorder (\$895) has 1.1" color LCD viewfinder, 390,000-pixel CCD, 8x electronic zoom. Both will be shipped by Oct. S-VHS-C model (\$1,400), features hi-fi stereo recording, will be available in Japan in Nov. No export plans were announced. Matsushita said it also will introduce light-weight S-VHS camcorder by year-end.

Camcorder sales to dealers fell in 2nd week of Aug., 9th decline in last 13 weeks (see State of the Industry). But sales were up 38.6% in first 2 weeks of month on huge increase in first week. Total VCR sales rose slightly in year's 32nd week, EIA said, as direct-view color and projection TV fell. Sales for first 2 weeks of Aug.: Color TV up 17.7%, projection TV up 12%, VCRs up 50.7%. Total VCRs sold to date since 1975 passed 74 million.

Guide to fax market in N. America is available from Info-Market, Rochester, N.Y. Report lists all fax machines available, describes features and new technologies, documents price changes. Two-issue annual subscription, including market updates, costs \$60. Details: Info-Market, Box 25500, Rochester, N.Y. 14625, 716-377-2050.

Microwave oven shipments rose 2% to 760,900 in July, AHAM reported. Shipments were up 9.2% to 6.2 million through first 7 months of 1989.

KODAK CUTBACKS: Eastman Kodak said it will cut 4,500 jobs, 3% of work force, and sell off several businesses to generate up to \$1 billion in operating cash flow in 1990. Company declined to identify what it will sell, but consumer videotape and professional video operations are believed to be among those considered.

Announcement follows Kodak's report of steep earnings decline in 2nd quarter. Chmn.-CEO Colby Chandler said actions "are a needed remedy for the ills that have resulted in disappointing 2nd-quarter results." He said Kodak will sell businesses "that are not value-producing or critical to the achievement of our business strategies." Businesses to be sold had combined annual sales of \$1.25 billion, Kodak said. Spokesman said about 20 businesses have been earmarked for sale.

Kodak, first company to enter 8mm video, already has dropped out of consumer VCR deck and camcorder market (TVD May 25/87 p13), as well as professional videotape business. Spokesman said unit that markets Seiko-produced LCD projector (TVD Sept 26 p10) has been put up for sale. No decision has been made to leave consumer videotape business, says Electronic Mdse. Mktg. Dir. Tony Berardi.

Toshiba has shifted all production of low-end VCR decks for U.S. market to Samsung of Korea, from factories in Japan and Tenn., according to report in Japan. Samsung will make 600,000, 2-head VCR decks annually for Toshiba, all for sale in U.S. under Toshiba brand. Korean company has added 2 special production lines at VCR plant in Korea. Toshiba said it's shifting work to Korea because of lower costs, but will still develop and produce higher priced VCRs in Japan.

Chinese-Hong Kong videotape venture Trueform (Zhuhai) will begin production of VHS tapes and housings at plant in Guangdong before end of Aug., published report in China said. Exports are expected to begin in Sept. Company has applied to JVC in Japan for VHS license, which it expects to receive by end of 1989. Trueform is joint venture of local Zhuhai Gongbei Enterprise Trade Development Corp. and Hong Kong-based videotape exporter Trueform Co. Each provided \$1.5 million to venture.

Advanced TV will dominate sessions of Oct. 21-25 SMPTE Technical Conference in L.A. Among highlights: Second-generation EDTV system by Nippon TV Network; efficient HDTV transmission formats by MIT; 6-MHz NTSC compatible widescreen TV system with pan-and-scan capability by Matsushita; plans for testing ATV systems by Advanced TV Test Center; large-screen HDTV Trinitron monitor by Sony. Also set: Session on interactive video, digital tutorial.

Funai will enter personal computer business in Japan in spring as OEM supplier of IBM-compatible laptop PCs. Company will export products worldwide, including to U.S. It will sell PCs under Funai brand in Japan. Laptop computer will have 16-bit CPU, monochrome display. Funai hasn't decided where it will manufacture products, but will display prototype at Japan Electronics Show in Osaka in Oct.

China's TV production increased 32.2% to 13.2 million in 1989 first half of 1989, said Ministry of Machinery & Electronics Industries (MMEI). Color TV output rose 35% to 5.3 million and personal computers 7.4% to 26,000. MMEI said serious problems facing electronics industry in first half included widespread shortage of funds to purchase components and raw materials.

EMERSON OUTLOOK: Emerson's financial strength has "improved dramatically" in 1989 fiscal year, as it reduced annual corporate overhead \$2 million and cut long-term debt to \$54.9 million from \$71.2 million year earlier, 1989 annual report said.

Company "improved practically every aspect of its balance sheet," report said. Improvements were spurred by worldwide "resurgence" of consumer electronics industry, with prices firming after significant oversupply problems of last year. "We are experiencing product shortages," particularly in TV, it said, partly because of strong demand for color picture tubes.

Emerson will focus on improving profitability in coming fiscal year by looking at new product opportunities such as home office market, report said. It will begin marketing new line of personal computers through same retail outlets its uses for video products, but Emerson's financial investment in computer business has been "limited, and we will continue to move cautiously into this market."

Report said Emerson will continue strategy of designing and engineering its own products, then subcontracting production work to OEM manufacturers worldwide. "This enables the company to quickly adapt to market needs without the fixed overhead associated with maintaining a plant."

Future holds "possible" introduction of projection TV, more fully featured VCRs, household electronics "and any new consumer electronics products which are developed in the next decade" that have wide consumer appeal, Emerson said.

MONTGOMERY WARD vs. SEARS: Sears ad campaign promoting everyday low pricing was approved by Better Business Bureau's National Ad Div. (NAD), following review requested by Montgomery Ward to study some of claims. Montgomery Ward issued 3-page statement disputing NAD's case report.

One Sears claim that prices were cut on "over 50,000 items" was disputed by Montgomery Ward, which said Sears was counting each size and color variation of certain items as individual goods, inflating total. Montgomery Ward also challenged placement of "lowered price" signs in Sears stores, and said Sears' price-matching pledge was illusory on high-end electronic products and appliances.

Report "supports our concern about the legitimacy of Sears' price matching policy," Montgomery Ward said, "but falls far short of resolving that and other questionable and confusing advertising claims made by Sears which risk jeopardizing the reputation of the retail industry in the eyes of the consumer." It said it plans to ask National Ad Review Board to review NAD decision.

Toshiba facsimile machines are being produced at Irvine, Cal., plant, said Kiichi Hataya, Toshiba America Information Systems pres. He said fax is being added at plant to meet growing demand for such consumer and business equipment in U.S. At outset, production is 1,000 fax machines monthly.

Mitsubishi has begun exporting S-VHS-C camcorders to U.S. and Europe from Kyoto factory. It currently is shipping 2,000-3,000 monthly and plans to increase exports to 10,000 by next year.

LIVE ENTERTAINMENT RESTRUCTURES: Aug. 20 murders of Live Entertainment Chmn.-CEO Jose Menendez and his wife Mary Louise (Kitty) Menendez in their Beverly Hills home shocked industry and triggered speculation about Live's Strawberries home entertainment chain. As of late last week, Beverly Hills police hadn't made arrest or disclosed motive of crime, except to say there was no sign of forced entry or robbery.

At Aug. 24 meeting, Live board confirmed interim appointments announced by executive committee on day after shooting. Peter Hoffman, pres.-CEO of Live's 49% owner Caroleco Pictures, was named acting chmn.-CEO, and Live Senior Vp-Chief Financial Officer Roger Smith was appointed acting pres.-COO. Other changes: IVE Senior Operations Vp Devendra Mishra advanced to Live exec. operations vp, IVE Senior Vp-Gen. Mgr. David Mount to pres.-COO of home video unit. Mount, Mishra and Lieberman Pres.-CEO Gilbert Wachsmann were named to Live board, with Mishra joining Hoffman and Smith on executive committee. Also at IVE, Finance Vp Rodney Trovinger was promoted to senior vp-chief financial officer and Vp Steven Mangel to senior legal and business affairs vp. At Strawberries, Operations Vp Ivan Lipton was advanced to exec. vp-COO.

Articles in Wall St. Journal last week raised question of organized crime involvement in deaths of Menendezes, but Live officials dismissed stories. As we reported, previous owner of New England Strawberries was Roulette Records Pres. Morris Levy, who was convicted of conspiracy to commit extortion. Journal quoted FBI affidavit filed in connection with Levy investigation, alleging Genovese crime family had stake in Strawberries, but Live officials emphasized company found no criminal connection even after 6-month investigation by lawyers specializing in white-collar crime.

Sony has developed color video printer for home use and will begin shipping product in Japan in Oct. and in U.S. by early 1990. Printer, at about \$1,154, is consumer version of Sony's UP-5000 printer for industrial market. It uses thermal print method to print "any video information under NTSC format," and includes video print pack (\$17) with 30 sheets of print paper and color ribbon, features digital color correction circuit to improve picture and print quality, digital processor for thermal head control, 6-bit memory for each color. Printer also has size-reduction and superimposing features. Sony plans to make 5,000 printers monthly.

Japanese makers agreed to set minimum prices on memory chips exported to European Community (EC). At least 11 companies were said to have agreed to EC demand for price floors on dynamic random access memories (DRAMs). EC has conducted antidumping investigation of Japanese DRAM suppliers for 2 years. Companies in agreement are Fujitsu, Hitachi, Matsushita, Minebea, Mitsubishi, NEC, Oki Electric, Sanyo, Sharp, Toshiba, Japanese subsidiary of Texas Instruments.

Investment in Malaysia by foreign interests is booming, according to figures released by Malaysia Industrial Development Authority. Investment totaled \$1.7 billion in first 6 months of 1989, up 147.5% from same 1988 period. Breakdown by industries shows electronics and electrical projects receiving \$375.9 million of investments in 6 months, most of any industry. Japan, with \$197.4 million, and Taiwan, with \$108.6 million, were largest investors in Malaysian electronics ventures.

Consumer Electronics Personals

Johannes Haarsma, chief financial officer, and Daniel Minahan promoted from N. American Philips senior vps to exec. vps... Seiichiro Niwa, senior managing dir., JVC, appointed chmn., JVC Entertainment, L.A.-based international movie and music subsidiary; Isamu Tomizuka, ex-head of VHD Enterprises, is pres.; Chikao Hasuda exec. vp; Hidenori Ishii, vp. (see separate report in this issue)... Richard Miller, former Thomson Consumer Electronics pres.-CEO and long-time RCA executive, named Wang pres.-COO, succeeding Frederick Wang, resigned; Miller, who left Thomson in April 1988, also is named to Wang board.

Cindy Morgan, ex-Stogel, joins Campeau PR (Hitachi, Alpine, Sherwood) as partner and east coast mgr.; Campeau/East is at 36 E. 30th St., N.Y., N.Y... Gary Weissberg, ex-Radio Shack, joins Coustic as product planning vp... John Chermesino, ex-Boston Acoustics, moves to Infinity Systems as mktg. services mgr., new position; Thomas Mincy, ex-Polk Audio, named Infinity eastern regional sales mgr... Cyndi Fischer, ex-NEC Mobile Radio Div., joins Clarion as cellular national sales mgr., new position... Maurice Legrand, Tra lewest chief financial officer, adds exec. vp, overseeing mktg. and strategic planning... Patrick Koons resigns as SGS-Thomson Microelectronics vp-gen. mgr., joins Teknekron Infoswitch as pres.-COO.

Al Reuben resigns as Vestron Video senior vp-mktg., sales and distribution, to join St. Martin's Press as sales and mktg. vp... Wolf Gramatke resigns as RCA/Columbia Pictures Video International senior vp to become pres. of Polygram's W. German Polygram GmbH Oct. 1, replacing Ben Bunders, resigned... Deborah Stanley, ex-Wunderman Worldwide, joins HBO Video as direct mktg. mgr., reporting to Ellen Stoltzman, who moves from direct mktg. and alternate distribution vp to direct mktg. and new business development vp... Robert Symonds advanced to senior technology and operations vp, Nelson Vending Technology.

Iva Wilson, pres. of Philips Display Components (picture tubes) is profiled in Aug. 28 Business Week article on women in high-tech posts. As "first woman ever to head a division of Dutch electronics giant Philips," Wilson -- who holds Ph.D. in electrical engineering and master's in business administration, worked 12 years at Zenith before joining Philips in 1983 -- is credited with leading PDC to breakeven point for first time in 5 years on \$300 million in revenues.

OBITUARIES

Jose Menendez, 44, and his wife, Mary Louise (Kitty) Menendez, 42, were found shot to death in their Beverly Hills home Aug. 27. Police said they had uncovered no motives or suspects in slaying of Live Entertainment chmn.-CEO who was veteran RCA executive. Menendez joined Live subsidiary IVE as chmn.-CEO in 1986, when he was named exec. vp of Live's 49% owner Caroleo Pictures; he also served as co-chmn. of Live's Lieberman Enterprises subsidiary. He was RCA corporate mktg. staff vp in 1980-1981 after serving as exec. vp of RCA's Hertz Corp. 1972-80. In 1981, he was named RCA Records staff vp, becoming exec. vp-COO of RCA/Ariola Records in 1985, chmn.-CEO of NCB Entertainment in 1986. He served on boards of Recording Industry Assn. of America (RIAA) and RCA/Columbia Pictures Home Video. Two sons survive.

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
Caroleo Pictures			
1989-6 mo. to June 30	52,546,000	812,000	.03
1988-6 mo. to June 30	87,755,000	12,370,000	.40
1989-qtr. to June 30	34,178,000	2,612,000	.09
1988-qtr. to June 30	72,828,000	11,864,000	.38
Certron			
1989-9 mo. to July 31	23,394,000	233,000	.07
1988-9 mo. to July 31	20,286,000	122,000	.04*
1989-qtr. to July 31	7,923,000	45,000	.01
1988-qtr. to July 31	7,136,000	(54,000)	--
Handleman			
1989-13 wk. to July 29	127,308,000	5,764,000	.18
1988-13 wk. to July 30	121,060,000	5,490,000	.17*
Regency Electronics			
1989-year to June 30	56,157,000	2,108,000	.19
1988-year to June 30	68,371,000	(3,623,000)	--
Sony^c			
1989-qtr. to June 30	3,970,917,000	161,194,000	.52 ^d
1988-qtr. to June 30	3,219,208,000	111,799,000	.40 ^d
Tandy			
1989-year to June 30	4,180,703,000	323,504,000	3.64
1988-year to June 30	3,793,767,000	316,354,000	3.54
1989-qtr. to June 30	897,404,000	56,865,000	.66
1988-qtr. to June 30	813,499,000	57,224,000	.64
Vestron			
1989-6 mo. to June 30	118,527,000	(67,630,000)	--
1988-6 mo. to June 30	167,325,000	17,329,000	.45 ^b
1989-qtr. to June 30	52,692,000	(64,989,000)	--
1988-qtr. to June 30	90,266,000	4,306,000	.11

Notes: *Includes special credit. ^bRestated. ^cAt yen's current rate. ^dPer ADR.

Ads & Promotions: Thomson Consumer Electronics Distributor and Special Products Div. extends 2 promotions to end of year. First offers consumers one RCA high-grade videotape and 2 RCA regular-grade tapes for price of 3 regular-grade tapes. Other offers 3-month trial subscription to Video Magazine with purchase of any 3 RCA tapes... Tengen, videogame software subsidiary of Atari Games, launches \$6 million TV and radio ad campaign, with Keye/Donna/Pearlstein, L.A., as agency.

Airvision, joint venture of Philips and Warner Bros. (TVD March 7/88 p15), has been tested by Northwest, British Airways and Qantas, and new version, with LCD screens, is being offered in seat-back, console and tray-mounted units, with choice of 6 channels of video entertainment, optional audio and video jacks for plugging in VCRs, VCPs or camcorders. In passenger surveys, Philips said, 69% of users say they would be more likely to choose carrier with Airvision than one without.

Smith Corona introduced laptop word processor with standalone letter-quality daisy wheel printer, full word processing capabilities, optional spread sheet feature. Product (\$899 including printer) weighs 6.5 lb., has 16x80 character flip-up backlight LCD, 50,000-character internal memory, built-in disc drive to store 100,000 characters per disc, 90,000-word electronic dictionary.

International Jensen moves corporate hq to northern Chicago suburb: 25 Tri-State International Office Center, Suite 400, Lincolnshire, Ill. 60069 (312-317-3700).