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With Consumer Electronics

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CONGRESS RETURNING to full plate. FCC budget hearing high on fall agenda as House is anxious for chance to sound out new commissioners. First order of business on return is completing bills addressing fairness doctrine, TV violence. (P. 1)

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ESPN EYEING JAPAN: Delivery to Asian market could begin in Jan. if programmers can reach agreement in next few weeks, ESPN says. Service could open door to Pacific-wide delivery. (P. 7)

HDTV AND MINORITIES IN MEDIA ARE TOP TOPICS FOR HILL: Increasingly activist Congress returns this week to full plate of expectations but with small chance of achieving many major accomplishments in communications policy, observers agreed. High on communications agenda: House hearing in early fall on FCC budget reauthorization to give members their first opportunity to sound out new commissioners. Immediate goals will be finishing budget reconciliation package containing fairness doctrine and dial-a-porn elements, and TV violence legislation.

Slow start is anticipated for Commerce Committees, with Telecom Subcommittee tentatively planning Sept. 13 hearing on concept of HDTV consortia, while Senate Communications Subcommittee is preparing hearing on minorities in media Sept. 15. Other activity will continue merely to percolate for time being, including development of RHC legislation, aides said. But idea is to lay groundwork for productive 1990, when combined consumer and voter pressures are thought likely to force decisions on variety of simmering broadcast, cable and common carrier issues.

Congress returns from month-long recess Sept. 5 with appropriations, budget and tax matters as priorities. Lawmakers are far behind in passing legislation to provide funding for federal agencies, including

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WIDESCREEN TV SETS DUE next year from Thomson, which announces plans for 34W" sets with 16:9 aspect ratio for European market by fall 1990. (P. 9)

DAT ON BACK BURNER at Berlin Audio-Video Fair, ignored by most manufacturers. They show recorders, but say it's too early to discuss product. (P. 10)

U.S. TV EXPORTS UP 30.2% to 671,200 in 1989 first half. Value of shipments down 16.7% to \$122.7 million, color TVs up 25.2% to 459,200. (P. 11)

ZENITH FORECASTS 3rd-quarter loss, doubts full-year profit. Plans cost-cutting measures. (P. 11)

PHILIPS PUSHES Compact Disc-Video at Berlin show, despite mixed results for product in Europe. Pioneer, Panasonic and Sony show CD-V players. (P. 12)

TOSHIBA ESTABLISHES joint venture in Japan with IBM to make large color LCD displays using thin-film transistor technology for computer terminals. (P. 12)

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NOKIA EMERGES AS MAJOR POWER in European consumer electronics. Finnish company displays new strategy and slogan at Berlin show. (P. 13)

FCC and NTIA, both of which were excluded from their regular appropriations vehicle because Commerce Committee hadn't passed requisite authorizations. Focus of Sept. will be to enact appropriations as quickly as possible, to beat Sept. 30 deadline when current fiscal year will end.

Senate Communications Subcommittee has held agencies' authorization hearings; Telecom Subcommittee is expected to follow suit as soon as possible, largely to give anxious members opportunity to probe views of 3 new FCC members -- Chmn. Sikes and Comrs. Barrett and Marshall -- and new NTIA Dir. Janice Obuchowski. Authorizations hold key to rest of legislative year; FCC's budget bill typically has been battleground for key policy battles in Senate -- situation that's not likely to change in 101st Congress. Lawmakers are particularly concerned about FCC's broadcast indecency cases, AM improvements, HDTV, syndicated exclusivity, minority preferences, must-carry and NTIA's role in AM and HDTV policies and spectrum use study, sources said.

House hearings could be followed quickly by action on authorizations, although top aides told us of possibility that controversy will emerge on NTIA budget measure. There reportedly is good chance that House Commerce Committee Chmn. Dingell (D-Mich.) will use NTIA authorization as vehicle to advance his proposal (HR-2965) to snare some of Defense Dept. spectrum for commercial users. Plan has been applauded roundly by industries as it would relieve crowded spectrum and release frequency for potential HDTV development, cellular expansion, other uses. Bill has been described privately on Capitol Hill as a way out of HDTV policy maze for beleaguered lawmakers; it would give them solution to piece of policy puzzle and could help ease pressure for more definitive approach.

Legislators are said to be divided over more comprehensive HDTV policy, and aides predict no immediate resolution. Recent Congressional Budget Office report critical of HDTV's potential significance has muddied waters seriously, sources said, making it difficult for members to pick and choose among many competing bills to fashion final policy package. Sources believe it's likely that lawmakers will settle on providing more spending for Pentagon's HDTV project, choosing between \$20 million recommended in Senate and higher level offered by House (TVD Aug 7 p9), while also setting aside money for related efforts by new Technology Dept. as recommended in Senate by Commerce Committee Chmn. Hollings (D-S.C.)(TVD July 31 p7). NTIA authorization could be dragged into latter debate, we're told.

Keeping keen eye on any HDTV developments will be Senate Govt. Affairs Committee Chmn. Glenn (D-O.), who has supported HDTV funding efforts while expressing skepticism about its likely merit. Communications Subcommittee Chmn. Inouye (D-Hawaii) reportedly still wants to keep door open for further policy efforts by his panel, as well, and has promised another hearing. Meanwhile, House Telecom Subcommittee already is planning midmonth hearing on ideas for legislation to encourage HDTV consortia.

Congress still will be grappling with fairness doctrine and dial-a-porn while policy efforts are advancing on other fronts. Leadership must resolve conflicting House and Senate budget reconciliation proposals designed to balance revenues and projected spending in next fiscal year. Both proposals would increase FCC's application fees, but legislators still face potentially sticky negotiations over House's plan to extend fees to public broadcasting. Senate leaders oppose idea.

House reconciliation package also contains provision to reinstate fairness doctrine, which no one expects will be stripped from final bill. Less certain is outcome for dial-a-porn provision proposed by House (TVD July 17 p6). Reports are that Sen. Helms (R-N.C.) remains wild card, that renewed controversy over broadcast indecency (TVD Aug 28 p1, Aug 7 p1) could become factor in form of pressure for tougher language on dial-a-porn. Congress is expected to get reconciliation package to White House quickly.

Mass media issues are likely to see biggest gains on Capitol Hill in next weeks, aides predicted. Besides items already mentioned, House Telecom Subcommittee Chmn. Markey (D-Mass.) can be expected to grant request of several key panel members for hearing on migration of sports to pay TV, sources said. Issue also may be aired at another Senate Antitrust Subcommittee hearing chaired by cable foe, Sen. Metzenbaum (D-O.), aide said.

In fact, while Hill staffers give cable deregulation efforts little chance of bearing fruit this year, they predicted cable issues will remain on front burner. More than dozen bills have been offered in recent months to curb cable practices, with still more promised -- Sen. Gore (D-Tenn.) is preparing measure similar to controversial S-889 passed by Senate Commerce Committee in 1988. Bill would retain home dish program distribution requirements of S-889 and 3rd-party program access element, key aide said, but Gore wants to stiffen provision on decoder standard.

Markey also is concerned about rising costs for cable systems and minority ownership prospects; Subcommittee may yet hold another hearing on some facet of cable debate, we're told. Senate panel has scheduled broad hearing on minority ownership of mass media for Sept. 15, when National Assn. of Black Owned Bestrs. will be in town for annual fall conference. Communications unit also still plans 2 cable industry oversight hearings on impact of 1984 Cable Act on municipal authority and on program carriage issues. Panoply of other complaints about cable is likely to be raised at hearings, aides said. And, Markey hasn't set aside his interest in moving bill to curb foreign investment in U.S. cable (HR-2643), although industry support is waning.

House and Senate still have to reach accord on TV violence legislation, as well. Chambers passed conflicting versions of bill (S-593, HR-1391) to grant TV, cable and program communities temporary immunity from antitrust laws to develop program guidelines. House version envisions guidelines aimed at curbing TV violence, while Senate version also asks industries to restrict depictions of explicit sex and of drug use. Grass-roots efforts to clean up TV, evident at Senate confirmation hearing for new commissioners, are expected to play role in development of compromise, with several aides speculating that most controversial of elements -- curb on televised sex -- will be retained.

Debate on children's TV legislation also hasn't been settled. Laying groundwork for possible compromise, Inouye shortly before recess pushed through Senate his bill to provide \$10 million in annual grants for educational children's programming (S-797). However, he has held off action in his panel on House-passed bill to reregulate commercial children's TV, tying station practices to license obligations. House bill is identical to measure that was vetoed by President Reagan last year after raucous debate in Senate. However, Inouye has indicated he wants to toughen measure this year by including some kind of curbs on program-length commercials (TVD July 17 p8). He already has co-sponsored bill (S-707) similar to House-passed package (HR-1677). Markup for kidvid bill this fall has been promised.

Senate unit plans markup later in fall on measure to toughen lowest unit rate requirements for political ads on air (S-1009)(TVD Aug 7 p7). Bill would make ads nonpreemptible and require fixed spots at lowest unit rate. It's opposed by broadcasters, with NAB seeking more favorable proposal. There's also good chance radio-only deregulation will gain attention of Telecom unit now that proposal (HR-1136) by Rep. Rinaldo (R-N.J.) has won support of well over 100 members. However, key aide predicted bill would die immediately if promised efforts emerge to attach TV deregulatory proposal. Seen likely to drive action on radio bill: Growing interest on Capitol Hill in plight of AM radio, subject of separate Rinaldo proposal, and FCC's Sikes' interest.

Senate Copyright Subcommittee plans early Oct. hearing on film colorizing issue. And Senate may have to grapple with Bush Administration appointments to vacancies at FCC, Copyright Royalty Tribunal and CPB, expected change at top at State Dept.'s Bureau for Communications & Information Policy.

On other fronts, Telecom Subcommittee now is expected to release promised compilation of industry views and policy options on RHC legislation before end of month, spokesman said. But development of draft bill, which was to be under way while Congress was in recess, apparently bogged down and while 2 staff sessions were held, no draft has been circulated, sources said. Effort should begin in earnest within next few days, we're told, in hopes of producing draft and options by midmonth. Heat may be off for quick work, now that leadership has said it's likely Congress will stay in session until early-to-mid-Dec. No one expects House to complete RHC bill this year. However, bill may serve as battleground over telco-cable cross-ownership issues.

CABLE SEEKS 120-DAY SYNDEX GRACE PERIOD: Cable industry is trying again for delay in restoration of syndicated exclusivity (syndex) rules -- this time in U.S. Appeals Court, D.C. In joint filing last week, group asked Court to delay effective date of syndex from Jan. 1 until 120 days after court decides on appeal of FCC's rules. Oral argument is set for Oct. 16. FCC earlier had turned down similar request for delay (TVD Aug 14 p7). Syndex opponents also filed reply brief with Court saying syndex would render Copyright Act "superfluous [and] largely irrelevant."

Cable systems would have to spend at least \$30 million almost immediately to buy blackout equipment needed to implement syndex, CATA, Tribune Bestg. and United Video told Court. Figure is extrapolation of \$894,830 cost that United Cable expects to equip its 39 affected cable systems and \$400,000 for Insight Communications' 13 systems. Group also said there would be unspecified additional costs to notify customers that programs would be blacked out, plus expense of handling customer complaints.

Virtually full amount would be wasted if Court overturns syndex, they said, because there's little other use for blackout equipment. Filing also said cable operators' First Amendment rights would be harmed irreparably if programs are blacked out even one day by syndex rules. Group cited Malarkey-Taylor study saying at least 20 million cable subscribers would be affected by blackouts if syndex is reimposed.

Cable operators need at least 4 months between final decision on syndex and availability of electronic equipment to black out or replace programs, group said. Petition said Monroe Electronics, one of largest manufacturers of equipment, already has told United Cable it must place order at least 4 months early to assure gear will be delivered and working by Jan. 1.

FCC had cited harm to broadcasters if syndex rules are delayed, but cable group pointed out that current syndex environment has been in place 8 years, that harm to broadcasters wouldn't be irreparable, and that balance of hardships "clearly favors maintenance of status quo" until reasonable time after decision.

About 90% of all cable systems will be affected by syndex, Monroe Electronics said. It said marketing survey it conducted indicated each system expects average of 4-5 stations would be subject to blackouts, with one system saying as many as 8 stations would be hit. Malarkey study said 43% of those systems simply would leave affected time periods black, 37% would replace them with other programming, 20% weren't sure. About 35% said they probably would drop some distant signals altogether, Malarkey said, and only 19% already have equipment to black out time segments.

FCC "begs" basic constitutional questions in its brief in support of syndex rules, according to reply by Century Communications, Tex. Cable TV Assn., United Cable, United Video. Reply brief claims syndex rules are "analogous to, but more extreme than" copyright rules rejected by U.S. Supreme Court in Bobbs-Merrill v. Strauss case and calls syndex "FCC's direct, unprecedented embellishment of copyright exclusivity." Only truly legal way to deal with syndex is through legislation, opponents said.

Cable industry has 50/50 chance of winning syndex appeal, CATA Pres. Stephen Effros said, but odds of winning delay are slimmer. He said courts traditionally are reluctant to grant open-ended delays, especially those that would extend after they could rule law constitutional. He, like others in industry, recommended that cable operators begin notifying customers and ordering equipment on assumption syndex will be upheld. FCC has 7 days to reply to request for delay, then supporters have 3 more days before decision can be made.

CNN is launching expanded newsgathering service for 220 TV stations affiliated with its CNN TV, said Robert Schuessler, Turner Program Services vp and head of CNN TV. He said expanded service, similar to that provided to stations by Conus, is major expansion of CNN's Newsources Live Edition. Main changes are addition of 2nd reporter and crew on most CNN mobile newsgathering operations, as well as equipment upgrades to provide 2nd live feed, Schuessler told us. There will be small additional cost for CNN TV affiliates in form of fee increase at renewal time, he said. He wouldn't give details of additional fee or CNN investment. Fee will entitle stations to all generic reports, but they will have to pay for satellite time for specialized reports. Schuessler said CNN will use existing Ku-band satellite capacity, but will have to upgrade existing satellite newsgathering vehicles and flyaway earth station to provide 2nd feed. CNN also plans to buy 2 more vehicles and one more flyaway. Turner, meanwhile, said CNN went on air in Mexico Sept. 1 under agreement signed by Turner Program Services and Multivision Stereo (MVS). CNN, previously available only in Mexico City hotels, now will be carried on one of MVS's 8 pay-TV channels. Programming includes CNN, segments of Headline News and Noticiero-CNN, Spanish-language newscast produced by CNN. Some Turner entertainment programming also will be carried on other MVS channels.

Forum on Communications Law of American Bar Assn. plans music license workshops Sept. 7 and 14, 5 p.m., NAB hq. First session will concentrate on audio, 2nd on video. Representatives of ASCAP and BMI will participate, along with broadcasting and cable officials. Details: 312-988-5666.

Size of proposed rate increase for TV switched service is "irrelevant" because it's well within FCC price cap, AT&T said in reply to broadcasters' petition that Commission suspend and investigate boost (TVD Aug 28 p5). Cap/ABC, CBS and NBC objected to AT&T plan to increase rates 572% for delivering video signals to networks. CNN filed similar objection Aug. 29. AT&T's response said petitioners didn't overcome "presumption of lawfulness" that FCC imposes as long as increases don't exceed price cap. Carrier said broadcasters also implied that overall cost increase for switched service would have higher impact on their overall AT&T bills than it actually will. Since switched service is relatively small part of total Terrestrial TV Service (TTS), bills will go up less than 20% from 1988 levels, AT&T said, and even after increase takes effect total bills since 1985 will have risen less than 3% per year faster than inflation. Dissatisfied customers have marketplace alternatives, AT&T said, especially satellite services such as those provided by GE Americom and IDB Communications. CNN said "staggering" rate hike would cost it "several hundred thousand dollars per year" and "hamper severely CNN's ability to deliver news to the American public."

Departing FCC Gen. Counsel Diane Killory has recused herself from activities involving 4 firms in preparation for her decision on future employment. As previously reported (TVD Aug 28 p1), Killory won't participate in decisions affecting her former law firm Steptoe & Johnson, but she said she also had recused herself from FCC matters involving law firms Arnold & Porter and Morrison & Foerster and media company News America. Killory said she hopes to make decision before she leaves FCC in Oct.

BROADCASTERS OPPOSE REMAND: FCC shouldn't be given chance to bolster case for indecency ban before court ruling on its legality, broadcasters and others said in brief asking U.S. Appeals Court, D.C., not to remand case. FCC and Justice Dept. had sought remand, saying Commission would "collect data relevant to a judicial determination of the validity of a total ban on broadcast indecency" (TVD Aug 28 p2). However, petitioners claim Commission itself had recognized its new indecency proceeding wouldn't be "open-minded."

Last-min. remand request violates Court's own rules, according to brief filed by all 3 networks, Action for Children's TV, ACLU, Infinity Bestg., INTV, MPAA, NAB, National Public Radio, Pacifica Foundation, PBS, Post-Newsweek Stations, Society of Professional Journalists. Brief said Court had required postponement motions to be filed at least 10 days before deadline, but FCC didn't file remand request until 5 days before brief was due, so it should be rejected on basis of timeliness alone.

FCC is merely seeking time to "assemble support for its untenable position," group said. It said U.S. Supreme Court already has ruled unconstitutional a blanket ban such as FCC is proposing, and Commission "has not even troubled itself to identify what 'relevant data' it seeks to assemble in a remand proceeding." Remand so that "Commission can seek to improve its litigating position" is "wholly inappropriate," group said. Remand also would delay expected eventual appeal to Supreme Court, group said. It indicated vagueness of indecency regulations is likely to be basis of appeal. FCC, meanwhile, is continuing to enforce indecency standard, filing said. It cited enforcement proceedings against 3 radio stations on same day agency asked Court to remand indecency case.

Remand would "seriously harm" broadcasters, petitioners said, because threat of indecency regulations would have "inhibiting effect" on First Amendment rights. Although broadcasters can't suffer sanctions now for airing indecent material, brief said, stay "does nothing to protect petitioners from the long-run adverse effects." Threat also makes it difficult to plan future programming, which "requires knowledge of what the legal situation will be," they said.

FCC shouldn't try to apply national standard in proposed regulation of indecent broadcasts, article in July issue of Federal Communications Law Journal said. Article, by Paul Feldman, associate with Arent, Fox, Kintner, Plotkin & Kahn, contends that only legitimate federal interests are to provide minimum First Amendment protection for speakers and help local communities in their regulation of standards. Regulating indecency is "typically part of traditional local police powers," Feldman wrote.

FCC tentatively approved Nielsen request to use line 22 of active portion of TV signal to transmit encoded program identification signals for its Automated Measurement of Lineup (AMOL) system, which helps measure audience. Commission decided, however, to allow public comments on plan, especially on whether AMOL would degrade TV picture. Comments are due Sept. 22, replies Oct. 2. In tentative decision, Commission said AMOL qualifies as "special signal," will enhance broadcasting, is compatible with technical standards, won't produce unacceptable interference. FCC previously approved similar systems for Ad Audit, Republic Properties, TeleScan. Air Trax, which acquired Republic system, had opposed AMOL.

McCAW WINS LICENSE TRANSFER: Two FCC bureaus Aug. 31 approved McCaw Cellular Communications' long-form applications to transfer LIN Bestg.'s 7 TV stations and 5 nonwireline cellular telephone licenses to MMM Holdings, which McCaw set up as subsidiary to acquire LIN in event McCaw succeeds in takeover attempt. Order takes effect Sept. 5.

Common Carrier and Mass Media Bureaus said transfer is conditioned upon McCaw's submission of description of TCI Chmn. John Malone's positions and duties as McCaw dir. LIN had contended TV station transfer to McCaw would pose cross-media ownership conflict because some stations are within TCI cable TV markets.

LIN had opposed transfer on several grounds, including cross-media ownership, but succeeded in getting FCC approval to go ahead with TV station spinoff. McCaw spokesman said LIN is going slow with tax-free spinoff, which FCC approved in June. Agency's order allows McCaw to transfer stations, cellular, paging operations to MMM Holdings, rather than using trusteeship headed by presidential candidate Eugene McCarthy.

Hours before ruling, McCaw extended cash tender offer of \$110 per share for LIN 3 weeks, moving Sept. 1 deadline to Sept. 22. McCaw said 2.3 million LIN shares have been tendered since offer was made in June, giving it equivalent of 14% of LIN.

Neither LIN nor McCaw would comment on decision, which appeared to move stock prices higher Fri. LIN closed week up 2-1/2 at 108-1/2, McCaw up 2-1/4 at 40. FCC released decision late Aug. 31 after stock market closed.

McCaw spokesman said company still is talking with LIN about merging, rather than \$110-per-share unfriendly takeover by McCaw. He said McCaw's one-time offer to give LIN shareholders \$110 per share in cash and \$17.50 per share in McCaw stock "is not on the table at this time."

Whittle Communications has appointed 12-member advisory board intended to broaden support for controversial ad-supported high school news network slated to start in March. Board will be chaired by former Education Secy. Terrel Bell, with other members including Time Warner Pres. Richard Munro, entrepreneur Ross Perot, American Federation of Teachers Pres. Albert Shanker, Federal Express Chmn. Frederick Smith. Shanker, who joined for 2-year trial period, said he still has "strong reservations both about the propriety of advertising in schools and the educational effectiveness" of ad-supported Channel One. However, he said, it's "important to expand the use of technology in the schools" and "it's unlikely we will get the needed technologies without the participation of companies like Whittle."

Prime Network has signed 3-year deal for rights to new league being formed by Senior Professional Baseball Assn. (SPBA), composed of former major league players more than 35 years old. Network will telecast 30 regular season games (Fri. night, Sun. afternoon), all-star game and playoffs, and will offer rights to other regional cable sports networks. League will operate in Fla., is scheduled to start in Nov., play 72-game schedule, with playoffs in Feb. Prime Network is owned by TCI and Bill Daniels, operates 4 other regional networks serving 5.2 million subscribers. SPBA games also will be carried on L.A.-based Prime Ticket Network, controlled by Daniels, with 3.5 million subscribers.

TCI SEEKS FOREIGN FUNDS: TCI is turning to Japanese money markets in effort to ease financing initiatives in U.S., Vp-Finance Bernard Schotters said. He said Japanese, who have participated in international consortia providing loans to TCI in past, will be asked to take lead in \$200-million loan to subsidiary, TCI West. Floating rate term loan will be managed by Kleinwort Benson, with proceeds used to refinance debt.

TCI is interested in Japanese market because cable owner's debt has become "too significant a factor" in domestic banks' loan portfolios, especially when banks are trying to shrink holdings to meet new regulations, Schotters told us. TCI also expects loan costs to be slightly lower in Japan. Schotters said he believes TCI is first to use Japanese market for full loan. Move could add to cable's reregulatory woes; House Telecom Subcommittee Chmn. Markey (D-Mass.) already has raised concerns about foreign ownership of U.S. cable systems and is pushing legislation (HR-2643) to curb outside involvement in American industry (TVD June 19 p7)(see related story earlier in this issue).

Meanwhile, TCI said holders of 97.6% of its 11-1/8% debentures have agreed to tender them. Schotters said TCI probably will refinance debt in U.S. in next 60-90 days. TCI also said it will redeem its \$150 million of 12-3/8% subordinated debentures, due in 2003. Spokesman said debt is being retired Sept. 25 to take advantage of 2-point lower interest rates. TCI previously announced it was redeeming 11-1/8% notes.

In other financial activities, News Corp. profits more than tripled to \$559.8 million in quarter ended June 30 from \$128.1 million year ago. Much of gain resulted from sale of travel publications and Elle magazine... Group of investors has taken minority position in Kushner-Locke Co., which produces TV programming for cable and networks. Group is headed by Stuart Hersch, formerly of King World Productions, who will join Kushner-Locke board.

Turner Bcstg. is restructuring \$1.4 billion of debt, using \$900 million of newly registered securities and \$500 million credit line being negotiated with banks, officials said... Children of "junk bond king" Michael Milken were among big beneficiaries of warrant issue involving Storer, Wall St. Journal reported. Milken family received 40% of warrants, which were intended to induce investors to buy slow-selling Storer securities, newspaper said... Crowley Bcstg. reported it had first profitable quarter in period ending June 30, with net income of \$7,170 on revenues of \$359,685.

INTV announced major expansion of staff with addition of former NAB Vp James Popham as first vp-gen. counsel. Popham joins Pres. Preston Padden and Vp-Govt. Relations James Hedlund as main govt. contacts. In hiring Popham, INTV is expected to reduce significantly its outside legal work that has been done by law firm Reed, Smith, Shaw & McClay, although firm will continue as outside gen. counsel. Officials said Padden has wanted fulltime gen. counsel since he took over in 1985. Popham served at NAB 1972-1982 as asst. gen. counsel, deputy gen. counsel, vp-congressional liaison. Since then, he has been partner in Fawer, Brian, Hardy & Zatzkis and in Hardy & Popham. INTV also announced board members: Newly elected -- KCOP L.A. Gen. Mgr. William Frank and WTIC-TV Hartford Gen. Mgr. Edward Karluk. Reelected -- WPHL-TV Philadelphia Gen. Mgr. Randall Smith, TVX Bcstg. Group CEO John Trinder, WTOG Tampa Gen. Mgr. Edward Aiken, Renaissance Communications CEO Michael Finkelstein.

Controversy over PBS show, acknowledged pro-Palestinian documentary Days of Rage, reignited last week with producer Jo Franklin-Trout's acknowledgement that she's board member of group, Arab American Cultural Foundation (AACF), alleged in New Republic magazine article to have helped fund production of program. Show is to air Sept. 6. PBS guidelines prohibit actual or perceived editorial control by underwriters. While guidelines don't allude to producers' organizational affiliations, veracity of Franklin-Trout appears to be issue. She told N.Y. Times she's served on AACF board for several years, but PBS spokeswoman said Franklin-Trout later told PBS that she has been on board only since early this year. Franklin-Trout and AACF denied New Republic contention that latter had furnished production funds for show. Escalating controversy came as American Jewish Congress (AJC) called on PBS Sept. 1 to reconsider its plans to air show. "As a minimum," AJC Assoc. Exec. Dir. Phil Baum said, "it seems to us the questions raised by [allegations of AACF funding] should require PBS to reconsider, at least for now, its decision to present this program, and to look again at the question whether the failure to disclose those who produced the program violates the rules which PBS says it insists upon and rigorously enforces." AACF denied in statement same day that it had furnished production funds for documentary, but acknowledged that it had discussed postbroadcast rights with Franklin-Trout -- arrangement not prohibited under PBS guidelines. PBS presenter of documentary, WNET N.Y.-Newark, plans to provide "full disclosure of all the facts it can learn on the night of the broadcast," Pres. William Baker said. That now appears likely to include broadcast disclaimer both acknowledging unresolved funding allegations and belief that viewers' interest is best served by airing show.

Memorandum of understanding signed by USSR's State Committee for TV & Radio Bcstg. (SCTR) and U.S. Public Service Satellite Consortium (PSSC) will make radio programs from each country available to stations of other via satellite, PSSC said. Memorandum establishes for first time exchange of programs from variety of sources on regularly scheduled basis using satellites, it said. Program will begin early next year. Discussions leading to memorandum were made possible by grant from McLean, Va.-based Sophron Foundation (SF). SF Pres. Thomas Rogers said he views exchanges as opportunity to prove superiority of satellite radio broadcasting over other means of transmission. Current shortwave transmission systems will be replaced by international direct broadcast satellite audio system carrying news, information and cultural programs directly to listeners' homes, he said. SCTR agrees shortwave transmission had deficiencies as medium for "international public diplomacy," PSSC said.

INTV Pres. Preston Padden will speak at Sept. 12 lunch of Federal Communications Bar Assn. (FCBA). All FCBA lunches are at Washington Marriott. Other scheduled speakers: House Commerce Committee Chmn. Dingell (D-Mich.), Oct. 13; MPAA Pres. Jack Valenti, Nov. 9; NTIA Dir. Janice Obuchowski, Jan. 11; FCC Comr. Marshall, Feb. 13; Ameritech Chmn. William Weiss, March 7; FCC Comr. Barrett, April 12; Consumer Federation of America Legislative Dir. Gene Kimmelman, May 8. Details: 202-659-3494.

HBO said its scrambling tests in N.Y. were successful, so it will go ahead with plans to fully scramble Sept. 19. Tests of scrambling of microwave distribution signal in N.Y. area, using Zenith's Z-TAC system, began Aug. 9.

MILLISAT ENTERS PRIVATE CABLE: Newly formed Millisat wants to be first national MSO for private cable business (a form of satellite master antenna TV -- SMATV), said Pres. Hans Giner, who founded and was pres. of American Home Satellite Assn. (AHSA) before taking Millisat job. Giner said growth of private cable industry has been stunted by lack of capital and professional expertise among those installing systems. Millisat is division of Millicom Inc., which has \$500 million assets, is among largest private cable operators in Europe and has interests in U.S. satellite TV, cellular phones, publishing, digital communications.

Private cable is poised for growth, Giner said, although he wouldn't provide projections on either growth rate or expected income for Millisat. Private cable business currently has about 765,000 subscribers, Giner said. Millisat "won't rest until we get the lion's share" (defined as 25-30%) of private cable business, Giner said. He said Millisat's main interest is building new systems, although it will consider taking over expiring contracts from existing operators. Millicom has about 200,000 private cable subscribers in Europe, including those awaiting startup service, mostly in U.K. and Scandinavia, and has been awarded 36 of 96 SMATV franchises given out by govt. Millisat is Millicom's first entry into U.S. private cable.

Meanwhile, part of program has been set for 7th annual Private Cable Show Nov. 28-Dec. 2 at Caesars, Lake Tahoe. Show is expected to attract about 700, Convention Mgr. Barbara Payne said. She said all floor space has been sold out to 78 exhibitors. Speakers include Satellite Bestg. & Communications Assn. Pres. Charles Hewitt, National Satellite Programming Network Pres. Robert Vogelsang, Turner Bestg. Dir.-Special Mkts. Patty Holland, General Instruments Vp Esther Rodriguez, AT&T's Perry Gotcher. Details: 713-342-9655.

Hughes Network Systems (HNS) has signed contract with CBS to provide point-to-multipoint satellite network linking CBS AM and FM stations and CBS Radio Stations News Service (RSNS). CBS Radio will use network, built around HNS's Gemini VSAT, to transmit voice and data news reports among 9 U.S. operations centers. Additional Gemini will serve as portable unit to give CBS optional broadcast link anywhere in continental U.S., Canada or Mexico, Hughes said. Gemini network replaces AT&T wireline, which served as primary transmission system for remote pickups and interviews. Network is first use of VSAT by radio broadcasting, HNS said. System will convert audio signals to digital data. CBS made switch from AT&T to satellite-based system because it gives stations more reporting options, from one-on-one reports to simultaneous transmission of interactive reports from multiple bureaus, CBS Vp-AM Stations Anna Mae Sokusky said.

CNBC will stage multimillion-dollar promotion Oct. 2-27 and Nov. 6-24, Pres. Michael Eskridge said. Campaign will be concentrated in 32 of largest markets, selected on basis of number of CNBC subscribers and penetration. Promotion will include cross-channel, newspaper, TV listings, magazines, cable guides, billboards, airport displays, mass transit. NBC stations in Chicago, Cleveland, Denver, L.A., Miami, N.Y. and Washington also will carry promotions.

Beyond International Group (BIG) will supply more than 100 hours of programming to TV3 New Zealand under new agreement announced by Chmn. Philip Gerlach. Deal involves 2 series of Beyond 2000 programs, as well as other programming that will go on air in New Zealand in Nov.

ESPN NEARING JAPAN PACT: ESPN hopes to reach final agreement within few weeks to launch ESPN Japan with group of Japanese partners including C. Itoh, said Andrew Brilliant, senior vp-gen. mgr., ESPN International. Service, which will be dubbed into Japanese and targeted solely at cable market there, could be first step toward offering ESPN throughout Pacific region, Brilliant said. ESPN has been trying to enter Japanese market for years (TVD June 23/86 p7).

"The agreement is not final, but I think we are closing in," Brilliant told us. Current plans are for Japanese sports channel to go on air on test basis in Oct. or Nov. and on full-time basis as early as Jan. Most of programming will be tapes of ESPN sports programming, including sound, that will be shipped to Japan for dubbing into Japanese and uplink on JC-Sat 1, which is owned by consortium including C. Itoh and Hughes. Brilliant said plan is for ESPN programming to be mixed with shows from other sources and some provided by Japanese partners, with latter's share of mix gradually growing. Programming also will be available for satellite master antenna TV (SMATV) services and some home dishes.

Next step could be using Intelsat or other satellites to distribute ESPN feed from U.S. to Japan, Brilliant said. There's no timetable for moving to satellite, Brilliant said, but he hopes it's "soon." He wouldn't give estimates on cost of launching Japanese service, saying only that it's "very large" and that payback will be "slow and uncertain. We don't expect to make money quickly. We're in this for the long term."

RAB plans 11 regional sales seminars -- starting Sept. 19 in Seattle, ending Nov. 2 in Boston. Registration is \$125 for RAB members (\$99 each for 3 or more from same station), \$250 for nonmembers. Details: Anne Bendalin, 1-800-232-3131. RAB also has scheduled 10th annual managing sales conference Jan. 18-20, Loews Anatole, Dallas. Registration is \$395 before Dec. 7, \$450 later. Meanwhile, RAB revised its radio revenue estimate for 1989, now expects 8.9% increase, up from earlier estimate of 8.5%. "So far, 1989 has proven to be an excellent year for the radio industry, with substantially increased activity by network, national spot and local advertisers," RAB Senior Vp-Research Robert Galen said. RAB expects network radio to be up 11% in 1989, national spot 10%, local 8.5%. It said May local billings were 13.9% over same month in 1988, and for first 5 months of 1989 were ahead 7.2%.

Broadcast transactions: Norman Lear's Act III Communications will buy WUTV (Ch. 29-independent) Buffalo, Fox affiliate, from Citadel Communications for \$46 million. Act III also said it will buy programming of WNYB-TV (Ch. 49-independent) Buffalo for undisclosed sum and merge programming. WNYB-TV owner Niagara Frontier Bestg. will sell station to Tri-State Christian Bestg., is expected to invest in Act III... WTPF-TV (Ch. 28-NBC) Durham-Raleigh is for sale, owner Durham Life Bestg. announced. Exec. Vp Robert Butler said company expects station, ranked 3rd in audience share in market, to be sold to "major group operator of television properties."

"**Creating Your Future**" is theme of annual national conference of Women in Communications, Oct. 11-15, San Antonio. Speakers scheduled include Percy Sutton, chmn., Inner City Bestg.; Denise Gray, external communications dir., AT&T; James Duffy, retired pres., ABC Communications; Marilyn Bockman, senior vp, AAAA; Nancy Woodhull, pres., Gannett News Service. Details: 703-528-4200.

Personals

FCC appointments formalized, as expected (TVD Aug 28 p1): Robert Pettit, ex-Wiley, Rein & Fielding, as gen. counsel, and Linda Townsend Solheim, ex-NTIA, as dir.-office of legislative affairs... Promotions at CBS Mktg. Div.: William Cecil to vp-program sales, new post; Daniel Koby to vp-prime-time sales; Jack O'Sullivan to vp-dir.-program sales; Martin Daly to vp-dir.-daytime, children's and late night sales; Michael Nowacki to vp-sports mktg.; Kenneth Wachtel to vp-dir.-sports sales.

Appointments at HBO's planned Comedy Channel: David McCoy, ex-sales mgr., CNN, as vp-national sales mgr.; Joe Poletto, ex-Arts & Entertainment (A&E) Cable Network, dir.-sales-East Coast; Vinne Fava, ex-A&E, dir.-traffic; Jim Walley moves from dir.-resource development, HBO, to dir.-research; Galen Jones from dir.-competitive analysis, HBO, to dir.-sales development; Scott MacPherson from dir.-consumer protection, HBO, to dir.-sales promotion; Heather Weir from mgr.-sales planning, HBO, to mgr.-sales development. Changes at HBO Inc.: Bob Grassi, HBO senior vp-sales operations and administration, named acting CEO, Movietime network, to be managed by HBO... Judith Lipnick to dir.-affiliate sales and mktg.-Minn. and Wis.; Dave Hanson to mgr.-sales and mktg.-north central states.

Broadcast network entertainment presidents Robert Iger (ABC), Kim LeMasters (CBS) and Brandon Tartikoff (NBC) speak Sept. 12 at HRTS lunch, Regent Beverly Wilshire Hotel... Advanced to presidents of Harris Corp. units: Guy Numann, Communications Sector; Phillip Farmer, Electronic Systems; Jon Cornell, Semiconductor... Lana King, ex-Cinema Preview Channel, returns to INTV as vp-mktg., succeeding Ron Inman, joining Act III Bestg. as dir.-mktg... Laurence Norjean, ex-senior vp-mktg. and creative affairs, Videobox Networks, joins Radio Ad Bureau as senior vp-sales and mktg... Doug Morris advanced to pres.-COO, Atlantic Records... Changes at TvB: Robert Bethencourt promoted to mgr.-creative services; Wendell Ensey, ex-Robinson Dept. Stores (L.A.), joins as mktg. mgr., L.A.

Media owner Rupert Murdoch elected to board of Philip Morris... David Lentholt pres., Times Mirror, becomes publisher-CEO, company's L.A. Times, succeeding Thomas Johnson, vice chmn. who is named chmn., news management committee... Joanne Brough, onetime vp-creative affairs, Lorimar, joins Republic Pictures as exec. producer-TV network and first-run syndication... Advancements at Children's TV Workshop: Laura Walker to vp-development, Pauline Brooks to asst. vp-public TV... Elected officers of Arbitron TV Advisory Council: Chmn. Robert Davis, pres.-gen. mgr., KMTR-TV Eugene, Ore.; Vice Chmn. William Harper, gen. mgr., WSMH Flint... Frederick Cooke, D.C. corporation counsel, returns to partnership at law firm Dow, Lohnes & Albertson... Bob Donaghue advanced to dir.-programs, 10 TV Australia, succeeding Tom Warne, resigned; Graham Hooson moves from gen. mgr.-administration to gen. mgr.-programs and production.

Brad Busse promoted to senior vp, Daniels & Assoc... Changes at Arts & Entertainment Cable Network: Robert Igel, ex-senior vp-exec. media buyer, N.W. Ayer, joins as senior vp-business development, new post; Mark Mersky, ex-Group W Satellite Communications, named dir.-local ad sales, new post; Bonita Lei promoted to dir.-management information systems... Changes at Cox Cable: Jimmy Hayes, parent Cox Enterprises, named vp-finance; Judith Sanders-Henke promoted to vp-human resources; Robert

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O'Leary moves from senior vp-finance and administration to senior vp-operations; David Woodrow promoted to vp-operations... John Baird, ex-Alberto Culver, joins Showtime Networks as vp-southeastern region, new post.

Thomas Herwitz, vp-corporate and legal affairs, Fox TV Stations, moves to vp-gen. mgr., WTTG Washington, succeeding late Betty Endicott... John Miller promoted to news dir., WFAA-TV Dallas-Ft. Worth... Stephen Frazier and Larry Olevitch advanced to national sales mgrs., WEWS Cleveland... Elected to board of Telemundo Group: Carlos Barba, exec. vp, Embassy Communications' Latino unit; Roland Hernandez, managing partner, Interspan Communications... Dick Bieser promoted to dir.-community relations, WHIO-TV Dayton, succeeding Gail Levin, leaving after 14 years... Perry Sandlewick, ex-WISH-TV Indianapolis, joins WDTN Dayton as art dir... Terrel Cass, ex-pres.-gen. mgr., KEDT(TV)/KKED-FM Corpus Christi, joins WLIW Garden City, N.Y., in same capacity, succeeding Samuel Francis, retiring for health reasons.

OBITUARY

William McReynolds, 62, senior vp of Meredith Bestg. Group, died of cancer Aug. 27. St. Louis native was 25-year Meredith employee, served as pres. for 6 years until assuming senior vp post in July after major surgery. Survivors include wife, 4 children.

Consumer Electronics

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

STATE OF THE INDUSTRY

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

	AUG. 12-18	1988 WEEK	% CHANGE	AUG. 5-11	33 WEEKS 1989	33 WEEKS 1988	% CHANGE
TOTAL COLOR.....	347,557	373,685	- 7.0	285,900	12,710,382*	11,330,345	+12.2
DIRECT-VIEW...	343,972	369,483	- 6.9	281,028	12,590,979*	11,183,846	+12.6
PROJECTION....	3,585	4,202	-14.7	4,872	119,403	146,499	-18.5
TOTAL VCR.....	177,800	211,021	-15.7	174,875	6,078,579	6,478,739	- 6.2
DECKS.....	146,195	177,115	-17.5	155,816	4,974,090	5,470,499	- 9.1
CAMCORDERS....	31,605	33,906*	- 6.8	19,059	1,104,489*	1,008,240	+ 9.5

Color TV 5-week moving average: 1989--384,145*; 1988--370,545 (up 3.7%).

VCR deck 5-week moving average: 1989--180,053; 1988--178,152 (up 1.1%).

Camcorder 5-week moving average: 1989--37,692; 1988--40,326* (down 6.5%).

* Record for period.

WIDESCREEN TV SETS DUE NEXT YEAR: In what was cited as major step on "the road to HDTV," Thomson Consumer Electronics announced at Berlin Audio-Video Fair last week that it would offer 34W" widescreen sets with 16:9 aspect ratio on European market in fall 1990 at about \$5,000 (based on current exchange rates). Largest European TV manufacturer, Philips, is expected to do same just a little later, but still probably before end of 1990.

The nearly million-sq.-ft. fairgrounds around Berlin's TV tower seemed caught up in HDTV fever as 1,250-line 50-Hz HD-MAC signals were transmitted to and received from satellite for distribution to all booths, reflecting Eureka project's progress toward goal of regular HDTV broadcasting by satellite in 1992 in time for Barcelona Olympics. Almost equally impressive were pictures on widescreen tubes and projection screens, flicker-free 100-Hz IDTV and doubled-frame pictures along with sharp and clear images from non-HDTV MAC satellite transmissions.

Virtually all widescreen picture tubes (except Sony's) exhibited at fairgrounds were made by Thomson's Videocolor in its Italy plant, now in pilot production and slated for regular output in first quarter. Philips said it would start pilot output of 34W" (equivalent in height to 28") tubes in Dec., production in Oct. 1990, 30W" to follow by about year.

Thomson's set is called "multiformat multistandard" model, capable of all kinds of tricks in addition to tuning PAL, SECAM and NTSC pictures. It can display: (1) Widescreen pictures that will be transmitted in D2-MAC from satellite. (2) Double lines of regular PAL signal for sharp, flicker-free picture. (3) "Cinema" version of regular 4:3 picture by cutting off top and bottom to fill wide screen. (4) Pictures from "letterbox" transmissions in full-wide screen without black lines at top and bottom. (5) Standard 4:3 picture with 3 smaller pictures at right side of screen (picture outside picture). Thomson described this as step in "evolutionary approach" to HDTV. Company officials said tube production will start in U.S. when demand warrants, as we already have reported here, and presumably same holds true for widescreen set (TVD July 31 p15, June 5 p8).

Philips said it's expanding Aachen, W. Germany, plant to make 31" standard-aspect tubes as well as widescreen tubes, and officials said they don't anticipate making any larger 4:3 tubes, since 16:9 will meet all demand for giant sizes.

Most major TV manufacturers showed multistandard (PAL-SECAM-NTSC) sets as well as units designed to pick up D2 and other MAC transmissions from satellite. All multistandard-MAC sets use ITT chip sets,

and ITT Semiconductors Chief Lubo Micic presided over display of digital TVs at downtown hotel that included Nokia, Philips, Sony and Thomson sets using ITT's Digivision circuitry. To dramatize economy of digital approach, ITT showed 13" Chinese-made Etron PAL color set, including teletext, in which all video circuits were digital -- priced at about \$150.

Among other ITT digital systems were displays of developmental products, including single-button remote control that operated cursor on screen; it also could be used to scan 16:9 picture on 4:3 set -- when moved from side to side, picture view moved with it. Somewhat similar "single-button" remote was shown by Nokia to operate TV and VCR. Tilting control up, down, left and right accomplished different functions. ITT also showed developmental system that permits user to write or draw on TV screen, then transmit result to another TV or fax by telephone. Micic said ITT digital system is only one that permits all possible display combinations -- 4:3 picture on 16:9 set and 16:9 picture segment on 4:3 set.

Several manufacturers displayed D2-MAC converters for PAL sets. JVC showed Super-VHS VCR that also included D2-MAC converter and that could be used to record in D2-MAC, play back over PAL receiver or convert PAL set to receive D2-MAC. Most manufacturers agreed that S-VHS was ideal recorder for D2-MAC since it provides about same resolution and, like MAC, processes color and luminance signals separately.

Philips and Thomson announced they had agreed on "domestic digital bus" system designated as D2B, and Philips said it would push also for its adoption in U.S. It's designed primarily to combine operation of TV, VCR and other products using single remote control for all brands and types of products, coordinated on TV screen.

Satellite digital stereo radio service started at beginning of Berlin show, and receivers were widely displayed. Kopernikus satellite transmits 16 stereo programs simultaneously with what's claimed to be CD-quality sound. Receivers are designed to utilize identification signal that displays on LCD or fluorescent screen description of program -- "news," "pop music," "rock," "educational," "cultural," etc. Programs may be tuned to scan only types being sought. Same digital receivers can be used to pick up digital stereocasts from cable.

LITTLE ENTHUSIASM FOR DAT IN EUROPE: With HDTV virtually the theme of Berlin Audio-Video Fair that closed last week, digital audio tape (DAT) was on back burner, ignored by most manufacturers. Most of those that showed DAT recorders or commented for record were either noncommittal or negative. This included Japanese manufacturers, many of which made it absolutely clear that it is too early to talk about DAT. There also appeared to be some inclination to wait for legislation mandating use of Serial Copy Management System (SCMS) before offering product.

Grundig was only brand we could find with definite and positive story on DAT -- SCMS model next April or May at about \$1,400 in Europe. Grundig's home base, Germany, already levies copyright fee on blank tape. Portable versions were shown by Toshiba, Aiwa and Casio; first 2 said they had no definite plans. Casio press spokesman, like some other companies' officials, had only vague knowledge of Athens agreement between hardware and software industries and apparently had never heard of SCMS. "That doesn't apply to us, anyway," he said, "because our recorder can't record digitally."

Thomson Group was quite downbeat on DAT. Consumer Electronics Chmn.-CEO Pierre Garcin said: "We have solved the technical problem [with Athens agreement], now there must be legislation in each country. Until there is a law, [software manufacturers] won't act. Without recorded cassettes, there is no real market. This market will develop very slowly. We will enter the market when we can produce in sufficient quantities to amortize our investment. The music people will wait until there is legislation, and then they will ask for a tax on blank cassettes... Even after the legislation, I'm not sure the music people won't wait until there is an agreement on a tax." Spokesman for Nokia group pointed out that company did very little of its own audio manufacturing, except for joint venture with Sanyo in Malaysia, and said: "We will wait," adding as afterthought: "Compared with Compact Disc, DAT has no chance."

As prime mover in agreement, Philips was noncommittal on extent and timing -- as well as geography -- of its introduction of DAT. Although Consumer Electronics CEO Jan Timmer said company will have model in 1990 incorporating SCMS, he added: "As soon as there is legislation, we will see this product take off." In answer to our question, "will you wait for legislation in each country before introducing recorders there?," he replied: "Yes, we will."

Later, however, we were told by G.C. Wirtz, Philips product mgr. for CD, hi-fi components and DAT: "We may come out with DAT before there is legislation, but we need assurance that if we introduce such a product [conforming to Athens agreement] everyone else will do the same thing. In principle, it is our objective that everyone stick to the rules." He didn't say how it was possible to assure compliance with rules short of legislation, but did say he expected lawmaking to take 2-4 years in European Community.

Asked whether upcoming report on home taping by U.S. Office of Technology Assessment (TVD July 17 p18) could affect course of legislation in Congress, he replied: "Both sides [in Athens discussions] knew what will be in the report, so we should see no effect." As to what is required to modify DAT recorders to add SCMS, he said: "Circuitry on several chips will have to be modified [involving] 4 microprocessors in the control circuit." He said Philips was absolutely opposed to coupling SCMS with concept of royalty fee on tape. He said he had "seen no negative reaction" to agreement.

Only Japanese representatives in Berlin we found who had definite comments on subject were from JVC. "The Japanese record industry is not happy with the agreement," said JVC official who flew in from Japan for Berlin show. "The hardware manufacturers are still in a situation where they can't decide whether to go ahead before the agreement is ratified in each country. JVC isn't in a position to start production now because demand is very small. We don't think many Japanese manufacturers will start production immediately. Many will wait for the Audio Fair [in early Oct.] to test public opinion before deciding."

JVC is 2nd-largest record manufacturer in Japan, and official conceded "there are differences of opinion even inside JVC." He said Japanese Recording Industry Assn., of which JVC is member, opposed agreement. "The most important thing may be what happens in the U.S. We will be watching American software manufacturers closely -- they will be the key."

Meanwhile, reports from Japan indicate massive retail dump of existing DAT recorders -- without SCMS -- is under way.

U.S. TV EXPORTS UP IN FIRST HALF: U.S. exports of color and b&w TV sets rose 30.2% to 671,200 in first half of 1989, Commerce Dept. reported, but value declined 16.7% to \$122.7 million. Increase in exports was considerably smaller than 119.5% rise in 1988 first half from same 1987 period (TVD Sept 19 p11).

Shipments of color TVs, including complete sets and TV combinations, but no unfinished or unassembled TVs, totaled 574,700, up 25.2% from 459,200 in Jan.-June 1988. Color TV exports were valued at \$116.4 million -- 17.7% decrease from \$147.5 million in last year's first half. First-half monochrome TV exports jumped 70.8% to 96,500, with value up 6.2% to \$6.3 million.

Breakdown of color TV shipments to other countries shows majority (454,500) falling into category not specified by picture tube size. Rest were classified as TVs with tubes of 20" or smaller (97,600), 21" or larger (19,600) or color TVs combined with radio receivers or VCRs (3,100). As in past, Mexico and Canada were largest recipients of U.S.-produced sets, followed by Taiwan and Japan. Most of b&w sets went to Mexico. U.S. also exported 91,900 color TVs without picture tubes, at value of \$3.6 million.

Average price of complete color set exported from U.S. in first half was \$257.08, down from \$308.32 in 1988 first half. Average price of exported monochrome set was \$64.97, down from \$105.11. However, Commerce officials have said value figures may not give accurate picture of average prices.

U.S. shipped total of 9,700 VCRs and videocassette players (VCPs) valued at \$3.6 million in first half, Commerce said. Numbers indicate average VCR and VCP price of \$366.75. Mexico received 13.1% of shipments, France 10.8%, Korea 10.2%.

* * * * *

EIA reported U.S. exports of electronics products totaled \$31.4 billion in first half of 1989, up 17.6% from \$26.7 billion in same 1988 period. U.S. imports of electronics products were \$37 billion, up 16.1% over 1988's first half, putting electronics trade deficit at \$5.6 billion. First-half U.S. exports by product sector, with imports in parentheses: Consumer electronics \$1.43 billion (\$7.6 billion), communications products \$3.17 billion (\$4.16 billion), electron tubes \$330.7 million (\$385.1 million), electronic parts \$2.51 billion (\$4.1 billion), industrial products \$18.3 billion (\$14.8 billion), solid state products \$5.6 billion (\$6.1 billion).

ZENITH FORECASTS 3RD-QUARTER LOSS: Zenith expects to report loss in 3rd quarter and "now is less confident that it will report a full-year profit for 1989," company said late last week. Gloomier forecast

comes shortly after Zenith Sales Co. Pres. Gerald McCarthy gave optimistic outlook for consumer electronics business in 2nd half, saying company expected "strong close to the 3rd quarter and a bang-up 4th quarter" (TVD Aug 28 p11).

As result of lower-than-expected sales in 3rd quarter, Zenith "is bolstering its cost-reduction programs," and deferring for 6 months pay increases for U.S. salaried employees and for some foreign workers. That move is expected to save \$6 million annually. Zenith also said it will cut costs by "reorganizing certain functions," but didn't elaborate. Company said it still expects to post profit in 4th quarter, but isn't certain that 4th-quarter earnings will be enough to offset losses in first 9 months.

Consumer electronics sales are "modestly lower than anticipated," but profits continue to be better than in same 1988 period, Zenith said. Despite softening in VCR deck and camcorder market, company also expects full-year 1989 consumer electronics operating profits to exceed last year's by more than \$15 million. Computer sales have been disappointing in quarter, "resulting in lower operating profits and in higher-than-anticipated inventory levels, borrowings and interest costs," Chmn.-Pres. Jerry Pearlman said. He said Zenith has been rebalancing inventories by adjusting production schedules and has begun selective price reductions, with goal of having "inventories return to normal levels by year-end."

PHILIPS PUSHES CD-V: Sensing "long but definite road to breakthrough" in Europe for Compact Disc-Video (which some manufacturers call laserdisc), Philips Consumer Electronics CEO Jan Timmer pushed hard for product at Berlin Audio-Video Fair, despite rather mixed results on Continent. In addition to Philips, players were shown by Pioneer, Sony and Panasonic, but last said it still was undecided on European entry. Grundig and Marantz, both affiliated with Philips, also showed players.

Timmer estimated total world market for CD-V/LD players at 960,000 this year, of which 800,000 will be sold in Japan, 100,000 in U.S., 60,000 in Europe. He estimated 7,000 titles were available in Japan, 4,000 in U.S., 300 in Europe -- last to grow to 500 by year-end. "We see a clear market takeoff in the U.S.A.," he said.

Asked why he thought videodisc was poised for takeoff now after having failed in previous incarnation, he said: "Laservision was ahead of its time." It will succeed this time, he said, because "CD-Video is the logical extension of a proven popular technology."

Presumably to take advantage of wide variety of software available from Japan and U.S. in NTSC format, Sony introduced laserdisc player that can play NTSC as well as PAL format discs, but requires multiformat TV receiver for display. Philips official called NTSC-PAL combination "logical step," indicated company probably would offer one by end of 1990. All of Philips' high-end Match Line monitor-receivers are multistandard and could play back NTSC discs as well as PAL versions.

Pioneer showed new high-end player that official was quick to explain was "PAL-only" model.

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Bertelsmann said affiliates Sonopress and Telemedia will begin manufacturing 12" CD Video discs at Guetersloh, W. Germany, early next year. It said CDV market is "still in its infancy" but is expected to grow rapidly, particularly in Europe.

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Hong Kong Electronics Fair, with exhibit space doubled to 97,000 sq. ft., expects 18,000 to attend Oct. 16-19 event in new Convention & Exhibition Center. Foreign exhibitors are being admitted for first time. Show notes that Hong Kong imported \$12.5 billion in electronics in 1988, "much of it from U.S."

TOSHIBA/IBM LCD VENTURE: Toshiba and IBM's Japanese subsidiary agreed to form joint venture in Japan to manufacture large color LCD displays that employ thin-film transistor (TFT) technology. Displays will be used in Toshiba and IBM personal computer terminals to be sold worldwide, but Toshiba spokesman said companies have no immediate plans to use color LCDs in TV sets.

New company, Display Technologies, will be owned equally by parent firms and have startup capital of about \$7.1 million, Toshiba said. Venture, to be based in Japan, will mass-produce large color LCDs. Construction of plant is scheduled to begin in March 1990 and be completed by April 1991. It will employ 130 at start.

First product of joint venture will be 10" LCDs, followed by larger sizes, Toshiba said. Demand for flat-panel displays for TVs and computers is on rise because of small size, light weight and low power consumption, Toshiba said.

Toshiba and IBM have been conducting joint research on large color LCDs since Aug. 1986, focusing on displays using TFT. They jointly developed 14" high-resolution color LCD for computer work stations and other office equipment year ago (TVD Sept 26 p13).

Japanese govt. will attempt to boost imports from U.S. in effort to reduce its \$55-billion trade surplus, said Hikaru Matsunaga, minister of international trade and industry. Matsunaga told U.S. trade officials in Japan that govt. is prepared to improve American access to market there by increasing govt. procurement from overseas suppliers and simplifying standards and certification systems.

Winter CES keynote speaker will be Montgomery Ward Pres.-CEO Bernard Brennan, who will discuss retailing trends. Also at opening session, Frank Myers, Wells-Gardner pres.-COO and EIA Consumer Electronics Group industry vp, will give consumer electronics industry overview. CES opens Jan. 6 at Las Vegas Hilton.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 144 yen = \$1, except where noted.

ITA FINDS JAPAN TV DUMPING: Commerce Dept.'s International Trade Administration (ITA) issued final results of antidumping administrative review of color and b&w TVs from Japan. It made only minor changes from preliminary dumping margins determined year ago for certain Japanese manufacturers (TVD Sept 5 p17), but reversed its earlier decision to revoke antidumping cases of Hitachi and Sanyo.

Latest ruling covers 7 manufacturers for various periods from April 1, 1980, through Feb. 28, 1987, and includes correction of clerical errors and changes based on comments received at Nov. 1988 hearing, ITA said.

New margins determined by ITA, with preliminary margin in parentheses: Fujitsu 0.02% for year to March 31, 1984 (no determination) and 0.19% for 11 months to Feb. 28, 1985 (0.11%); Funai 21.93% for 11 months to Feb. 28, 1987 (21.92%); Hitachi 0.16% for year to Feb. 28, 1987 (no determination); Mitsubishi 0.0% for 2 years to Feb. 28, 1985 (0.13%); NEC 18.21% for year to March 31, 1984 (18.18%), 7.37% for 11 months to Feb. 28, 1985 (6.69%), 7.16% for year to Feb. 28, 1986 (7.24%), 22.9% for year to Feb. 28, 1987 (31.14%); Sanyo 2.86% for 3 years to Feb. 28, 1987 (no determination); Sharp 0.86% for year to March 31, 1981 (3.37%).

Companies will be required to post cash deposit of estimated dumping duties based on most recent rates for any TV imports. For TV imports by new exporter not covered by this or other antidumping review, including some LCD TV makers, cash deposit of 26.94% of imports will be required, ITA said.

ITA said it determined not to revoke case against Hitachi and Sanyo even though they didn't ship TVs to U.S. during periods reviewed. It said it couldn't conclude "that there is no likelihood of the resumption of LTFV [less than fair value] sales by Hitachi or Sanyo." Hitachi attorney said company is considering options, including appealing to Court of International Trade. He said Hitachi has made virtually no TV shipments to U.S. since 1980.

Private Eye "starter kit" is available from Reflection Technology, company that developed miniature display technology (TVD Dec 9 p10). Kit includes IBM PC-compatible monochrome virtual screen display with 4.5-ft. connecting cable, video adapter board, mounting headset, installation documentation and software, programmer's guide, at \$495. It's designed to allow engineers and designers to create "new generation of portable information and computer devices," Reflection Pres. Allen Becker said. Kit orders must be placed before Nov. 31 and will be shipped in 1990 first quarter, company said. Details: Reflection Technology, 240 Bear Hill Rd., Waltham, Mass. 02154 (617-890-5905).

Eduard Rhein Prize, awarded in Germany for outstanding contribution to consumer electronics, went last week to JVC team headed by Akira Hirota for development of PAL and SECAM versions of Super VHS. Prize carries stipend of \$50,000. Second prize of \$30,000 was awarded to Rainer Lueder and Gerhard Weil of Siemens for 3-chip digital 100-Hz flicker-free feature package for PAL TV sets that eliminates cross-color and other artifacts, providing such special features as picture in picture, zoom, etc.

Matsushita introduced 43" projection TV in Japan with 7" tube and 10% improvement in brightness compared with its current projection sets. TV is priced at \$3,075 in Japan, with monthly sales of 1,000 units expected.

NOKIA AS TV POWER: In 2-year interval between Berlin Audio-Video Fairs, Nokia has emerged as major new power in European consumer electronics. At this year's show, it occupied large building previously housing displays of ITT and Graetz, whose consumer electronics operations it bought. Finnish electronics conglomerate considers itself 3rd-largest TV manufacturer in Europe (it counts Philips and Grundig as single entity). Berlin display demonstrated its new strategy, with new slogan -- "Nokia -- the Eurotechnology Group" -- prominently displayed.

Strategy is keyed to 1992 when Europe becomes single market. Nokia will promote ITT Nokia brand (which presumably will become Nokia eventually) as Europe-wide brand. Company's strategy is based on 3 brands per market -- 2 international, one national. In Germany, major local brand is Graetz, with Finnish brand Salora also prominent. In France, local brands will include recently acquired Oceanic.

Helsinki-based Nokia has established subsidiary, Nokia Consumer Electronics International, in Geneva, headed by recently named Senior Vp Manfred Schmidt, who formerly headed ITT Consumer Electronics. In 3 years, Schmidt said, "no consumer electronics producer will be able to handle the multitudinous variety of standards, products and different market channels. We have a need for true European harmonization, but it is still a long way off."

Nokia already has standardized on 3 basic chassis for all of Europe -- one basic monophonic version, one compact stereo chassis with "slots" for submodules to add features such as different color, videotex and stereo standards, with digital chassis at high end, designed to accommodate satellite tuner, MAC decoder, picture-in-picture, etc.

Last year, Nokia Consumer Electronics sales totaled nearly \$1.5 billion. Asked whether Nokia had plans to enter U.S. consumer electronics market, official said "right now we're too busy digesting what we have."

Magneto-optical disc (MOD) recorder was demonstrated at Berlin Audio-Video Fair by Thomson as potential competitor to GE/Intel Digital Video Interactive (DVI) system. Currently, disc same size as CD can be recorded with digital audio for either one or 5 hours, also will store still pictures. R&D Senior Vp Erich Geiger said goal is one hour of digital video recording in motion per side within year. Development system had player that could play either MOD disc or standard CD. Geiger said there are no plans for production before CD recording system is standardized.

International Trade Commission (ITC) adopted order to temporarily restrict imports of some cellular phones from Korea and Finland, following trade complaint by Motorola. Exporters of phones that infringe on Motorola patents will be required to post bond equal to 25% of declared value of products, pending final determination of case, ITC said. Companies named in order are Nokia of Finland, Tandy and Tandy Mobira Communications, Korean joint venture with Nokia. Under 1988 trade act, Motorola, as petitioner, also is required to post U.S. Customs bond. Tandy spokesman said company will post bond as required.

Hitachi, JVC and TDK are latest to introduce Super-VHS-C videocassettes with 30-min. of recording time. Tapes will be available in Japan by Nov. Fuji Magnetic Products and Matsushita also have 30-min. S-VHS-C tapes (TVD Aug 14 p16).

RCA DISTRIBUTOR SUIT: McDonald Sales' \$10 million lawsuit against Thomson Consumer Electronics (TVD May 8 p20), charging price-fixing arrangements with buying groups, discriminatory pricing and breach of contract, is in discovery stage and is expected to go to trial in La. state court later this year.

New Orleans-based McDonald, headed by David Oreck, was RCA distributor for 24 years. Complaint charges that RCA management, after 1985 merger with GE, "began taking away more and more of McDonald's market by selling RCA products directly to the national accounts, which included many of McDonald's largest customers." GE and Thompson sold RCA TVs to department stores at "lower prices and on better terms," suit said.

Complaint said RCA also dealt directly with buying groups or co-ops and signed agreements with them "to set the prices at which McDonald was to sell RCA products to the buying group dealers in McDonald's territory [at] substantially below the profit margin which McDonald needed to operate profitably." RCA set up "dual pricing system with lower prices to the larger national accounts and to the large buying group dealers, and higher prices to the smaller independent stores," McDonald claimed.

Lawsuit said RCA also gave larger accounts advantages in ad and promotion rebates, allowances or payments. As result, smaller dealers purchased fewer products from McDonald or stopped buying. McDonald charged RCA didn't supply it with enough products to fill orders and lowered credit limits on purchase of RCA products. Also named in complaint are GE, buying group Nationwide TV & Appliance Assoc. and Giant TC, formerly Campo Appliance Co.

Thomson said McDonald "failed to pay its account with Thomson in excess of \$1 million," and as result it terminated McDonald as distributor in Nov. 1988. Thomson spokesman said it has suit pending against distributor to collect payment for merchandise.

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New entrant to laserdisc distribution is Republic Pictures Home Video, which will begin quarterly releases in that format Dec. 5 with 6 titles. Republic plans to service its current distributor and retail accounts directly, but has signed nonexclusive agreement with Pioneer LaserDisc Corp. of America (LDCA) to handle hardware and music accounts. Decision to market laserdiscs was based on introduction of lower priced players from suppliers such as Pioneer, Republic Mktg. Vp Glenn Ross said. Company described itself as one of only few software suppliers directly involved in distributing its titles on laserdisc. Others include Warner and MCA.

Mitsubishi is building 3rd VCR manufacturing plant in U.K. Factory in Livingston, Scotland, will employ 550, begin operating within year. Company's 2 existing VCR plants will continue operations, Mitsubishi spokesman said. Latest VCR plant will be expanded to 695 employees by 1992.

Sharp established Customer Information Center for postsale product support through its Service & Parts Div. Center will provide technical assistance for operation and maintenance of Sharp consumer products via toll-free 800-526-0264 (outside N.Y.).

NATM Buying Corp., consumer electronics retail buying group, added 3 members: Adray's, Smith's Home Furnishings, Standard Brands of America.

MATSUSHITA NET UP 1.5%: Matsushita consolidated net earnings rose 1.5% in first quarter ended June 30, on 6.1% higher sales (see financial table). Company said results "were achieved in a mixed environment: In Japan, private capital investment continued active but consumer spending was relatively slow, even though demand increased for high-priced products. International trade friction was another difficult factor." Matsushita said it continued "active expansion" of overseas production in quarter.

Overseas sales rose 17.3% to \$4.24 billion (144 yen = \$1). Japan sales fell 1.2% to \$5.48 billion, with decline attributed to "generally slow consumer demand." Video equipment sales increased 4.1% to \$2.57 billion and color TVs had "double-digit growth as demand continued for large-screen models." VCR sales fell in Japan, but were higher overseas, in part because of increased demand for camcorders.

Audio equipment sales gained 2.2% to \$817 million, paced by demand for CD, radiocassette and portable stereo cassette players. Sales of other products: Home appliances down 2% to \$1.51 billion, communication and industrial equipment up 15.9% to \$2.15 billion, energy and kitchen-related products up 9.3% to \$465 million, electronic components up 11.3% to \$1.32 billion.

Harman International net income was up 30.9% in 4th quarter ended June 30 on 8% higher sales. In full year, net jumped 28% on 12% higher sales. Chmn.-CEO Sidney Harman said increases came despite "relatively soft U.S. consumer market," and full-year earnings exceeded company's goal. Operating income rose 29.3% to \$42.6 million, due to efficiency improvements at Harman plants, he said.

ELECTROLUX IN JAPAN: Sharp agreed to carry line of household appliances made by Sweden's Electrolux in its Japanese retail outlets in move that marks significant change in consumer electronics market there. Beginning in Oct., Sharp will sell Electrolux products in 5,000 outlets, becoming first major Japanese electronics company to do so for overseas firm, according to Electrolux official.

Agreement is limited at outset to white goods such as refrigerators, washing machines and dishwashers, but could be expanded to cover wide range of products, Sharp Pres. Haruo Tsuji said. He said partnership gives Electrolux brand immediate and broad entry into Japanese market, which has been difficult for foreign manufacturers to penetrate. Products will carry both Sharp and Electrolux brands.

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World consumer electronics market was estimated at \$92.5 billion in 1989 at factory level by Philips Consumer Electronics CEO Jan Timmer. Speaking at Berlin Audio-Video Fair, he said 28% (\$25.9 billion) would be sold in Western Europe, 24% (\$22.2 billion) in U.S., 22% (\$20.35 billion) in Japan, 26% (\$24 billion) in other countries. TV still dominates W. Europe market with 40% of total consumer electronics sales, audio 37%, video 23%.

HDTV "summit" will be held Oct. 25 at Hyatt Regency Hotel, Washington, with Zenith Chmn.-CEO Jerry Pearlman keynote speaker. Issues to be covered include govt. role in HDTV technology, FCC standards, HDTV impact on computers, HDTV marketing, antitrust. American Electronics Assn., EIA, Philips and Sony, Philips will participate.

MOVIES 90% OF VIDEO SALES: Feature films have remained lifeblood of industry, particularly for distributors, according to Video Week midyear survey prepared with Video Store Magazine. Distributors said all movies -- including children's -- accounted for more than 90% of revenues in first half. Even rackjobbers said category represented 60% of sales, citing other children's programming and fitness tapes as strongest nontheatrical categories. As result of strong sales from rackjobbers, sports programming also showed increase from year earlier.

	1989	1988
All feature films.....	84.9	80.1
Children's films.....	5.6	5.8
Other children's programs	3.9	6.2
Instructional.....	8.2	8.1
Sports.....	3.0	2.2
Fitness.....	4.2	4.8
Other how-tos.....	1.0	1.1
Music.....	2.8	3.0
Miscellaneous.....	0.3	2.6

As expected in first half of year, \$89.95 was price accounting for most of revenues, reflecting both A titles' dominance of market and trend of pricing even films with little or no theatrical release at that point. However, sellthrough pricing should account for greater share in 2nd half with release of blockbusters such as *Land Before Time*, *Bambi*, *Who Framed Roger Rabbit*. Data show downward pricing trend, with even \$20-\$29.95 range losing points. However, under-\$20 bloc maintained share, reflecting higher unit volume in larger market.

	1989	1988
\$99.95.....	---	1.6
\$89.95.....	61.6	47.0
\$79.95.....	4.4	10.9
\$40-\$69.95.....	0.6	1.6
\$30-\$39.95.....	0.6	2.6
\$20-\$29.95.....	4.9	8.3
\$25-\$29.95.	2.5	---
\$20-\$24.95.	2.4	---
\$10-\$19.95.....	16.3	16.2
\$15-\$19.95.	10.4	---
10-\$14.95..	5.9	---
\$9.95 or less..	11.6	11.8

Video specialty stores retained their hold on market, with 55.9% of shipments. However, that's substantial drop from 62.8% in full-year 1986, last time retail categories were tracked in survey. Distant 2nd were mass merchants and discounters at 22.4%, more than double 1986's 8.8%. Supermarket share was 16.8%, up from 11.9% in 1986, when category was combined with convenience stores, whose 1988 share was 1.2%. Record stores dropped to 5.2% from 8%, and drugstores to 1.2% from 1.6%; miscellaneous category, not listed in 1986, was 0.2%.

Beta showed sharp decline to 1.6% from 3.2% in first half 1988.

Color TV buying plans of U.S. consumers fell in Aug. after rising sharply in July, Conference Board said. Aug. preliminary report showed 6.5% of U.S. households planned to buy color TV set within 6 months, down from revised 8% in July and 8% in Aug. 1988. Board's overall consumer confidence index was 114.7, down from 120.4 in July, 119.7 in Aug. 1988.

STARTUP ZENOX REALIGNS: Startup firm Zenox Inc., which holds 14 patents for flat-panel TV displays using LCD and fiber optics (April 24 p16), has realigned management and relocated hq to Atlanta from N.Y. Company is negotiating with L.A. firm to license its flat-panel display technology, but has ended discussions with unidentified major U.S. manufacturer to bring 36" flat-panel TV to market, said new Pres.-CEO Richard English.

Zenox Exec. Vp Manfred Lutz left company under "strained conditions," English said. Lutz had told us in April that manufacturing agreement with "Fortune 50" company already in TV business would be signed within 30 days. Deal never materialized and English said he didn't know details of negotiations or why they fell through.

Current negotiations are with L.A. company that English wouldn't identify. Zenox wants to sell rights to patents for flat-panel TV technology. Technique involves analog scanning of electron beam with line cathodes and deflection grids and plates with voltage gradients -- either electromagnetic or electrostatic deflection, patent title said. Firm said it's also negotiating with European investment group on developing technology for markets there.

English said final product probably is years away: "This will take time to develop. It needs more R&D." Lutz had said working prototype TV with depth of only 2" could be available this year.

Mergers & Acquisitions: Disney added Muppets to its home video menagerie with acquisition of Henson Assoc. for reported \$150-\$200 million. Henson and Disney will produce direct-to-home video titles, and deal gives Disney video rights to Henson TV and film titles including *Muppet Show*, *Muppet Babies*, *Fraggle Rock*, *Muppet Movie*, *Great Muppet Caper*, *Muppets Take Manhattan*, *Dark Crystal*, *Labyrinth*. Characters featured on *Sesame St.* aren't included in deal... Philips, which is selling its Dutch, Belgian and French defense electronics subsidiaries to publicly held Thomson-CSF of France (TVD Aug 28 p13), said it's talking with several companies on possible sale of its W. German defense electronics division. Siemens is said to be among prospective buyers... United Artists is in process of being acquired by Qintex. Shareholders will vote on merger Sept. 23. However, meeting is little more than formality, since Kirk Kerkorian's Tracinda Corp., which owns 79.1% of MGM/UA, has pledged it will vote all its shares for merger. Previously announced agreement calls for Qintex to buy MGM/UA at \$20 per common share and \$18 per preferred share for \$1.33 billion.

New camcorders were introduced in Japan by JVC, Fuji, Hitachi, JVC. JVC unveiled VHS-C model at \$965, with 1.2" 360,000-pixel CCD. It will make 12,000 monthly in Japan. Fuji 8mm camcorder has built-in revolving viewfinder/grip, at \$1,035. Lowest priced S-VHS-C camcorder in Japan was introduced last week by Hitachi at \$1,160. It has MOS image sensor with 360,000-pixel resolution. Hitachi will increase monthly camcorder production to 30,000 from 20,000, of which 50% will be S-VHS.

ITA scheduled 2nd annual seminar on special-interest video for Oct. 4-5 at Westin Hotel at Chicago O'Hare Airport. Sessions will cover niche markets, distribution to libraries, direct-to-consumer marketing, rental potential for special-interest video, school market, among other topics. Details: Charles Van Horn, 212-643-0620.

Consumer Electronics Personals

Michael Fenerty, ex-OEM and private label planning mgr. for Thomson Consumer Products in Indianapolis, named mgr., product management, TV Div.-Asia, with hq in Singapore... John Stiernberg, ex-dbx, named environmental products dir., Infinity Systems, new position... Irwin Zucker, ex-Yamaha, joins Marantz as mktg. dir... Robert Ott, named national business mgr., microphone products, Sony Professional Audio Div, new position.

Yasunori Nishizawa, former OKI Electric Telecom Business Group deputy gen. mgr., appointed OKI Telecom pres.-CEO... Jerry Benson named vp, NEC graphics business unit... Ilbok Lee, former engineering and operations senior vp, appointed Samsung Semiconductor (U.S.) pres., succeeding S. Lee, in reorganization... Jon Cornell, senior vp, advanced to Harris Semiconductor Sector pres.

Michael Romano resigns as Consumer Electronics Monthly publisher, plans unannounced... Donald Kobes, ex-Samsung, joins Sharp/McNally Communications as exec. vp... Sherman Littman resigns as Luskin's gen. mdse. mgr... Thomas Watson, former IBM chmn., receives American Electronics Assn. Medal of Achievement for 1989.

Sydney Levine resigns as Republic Pictures acquisitions and development vp to start Film Finders acquisitions consulting firm... Tim Landers, ex-MCEG/Virgin, joins Trylon Video as midwestern regional sales mgr... Lee Goldstein advanced to Video Trend national buyer... Donald Kasen named pres.-CEO of Parade Video parent PPI/Peter Pan Industries after purchasing company.

Ads & Promotions: Sharp launches \$7-million TV and print ad campaign for audio and video products. TV ads, by Griffin Bacal agency, feature rhythm & blues singer Aretha Franklin. Sharp promotion offers \$10-\$50 rebates to purchasers of microwave oven through Dec. 3, and chance to double rebate if they buy 2nd Sharp product at \$250 or more... Sears "everyday low prices" advertising was among 10 best-recalled pitches of June, Gallup Organization said in survey for Advertising Age. It was tied for 7th with McDonald's and Tide, was only name new to top-10 ranks in June. Pepsi-Cola and Coca-Cola held first and 2nd places... BASF Information Systems promotion offers consumers oak storage rack with purchases of 10 BASF chrome audio tapes or 20 ferro audio tapes.

Bose has stepped up worldwide production capacity 50% to meet growing demand. Expansion includes opening of new facility in Westborough, Mass., to handle domestic production and accommodate electronics and transducer manufacturing previously done in Hopkinton, Mass. Bose also said it's expanding facilities in Sonora, Mexico, Carrickmacross, Ireland, Colebrook, N.H.

Battery charger that recharges standard nickel-cadmium units to 100% capacity in 6 hours was introduced by Panasonic Industrial's Battery Sales group. Charging time is 60% less than for standard models. Panasonic said product (\$15) simultaneously charges 2 pairs of AA, AAA, C, D or two 9-volt batteries.

Video accessory kit including head cleaner, dust cover and GE videotape with lifetime warranty is available at \$19.95 from Thomson Consumer Electronics Distributor and Special Products Div.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Audiotronics			
1989-year to June 30	6,154,000	(1,526,000)	—
1988-year to June 30	5,165,000	(1,586,000)	—
1989-qtr. to June 30	1,771,000	(657,000)	—
1988-qtr. to June 30	1,150,000	(798,000)	—
Falcon Cable Systems			
1989-6 mo. to June 30	14,053,400	(1,741,900)	—
1988-6 mo. to June 30	11,641,600	(420,500)	—
1989-qtr. to June 30	7,273,800	(955,100)	—
1988-qtr. to June 30	6,017,400	(300,600)	—
Harman International			
1989-year to June 30	524,219,000	15,389,000	1.78
1988-year to June 30	468,184,000	12,018,000	1.41
1989-qtr. to June 30	135,751,000	3,789,000	.44
1988-qtr. to June 30	125,730,000	2,894,000	.34
Matsushita Electric^a			
1989-qtr. to June 30	9,723,000,000	365,000,000	1.71 ^b
1988-qtr. to June 30	9,162,000,000	360,000,000	1.68 ^b
Microdyne			
1989-39 wk. to July 30	14,458,000	438,000	.11 ^c
1988-39 wk. to July 31	14,812,000	(564,000)	— ^c
1989-13 wk. to July 30	4,956,000	198,000	.05 ^c
1988-13 wk. to July 31	4,809,000	(332,000)	— ^c

Notes: ^aAt rate of \$1=144 yen. ^bPer ADR. ^cIncludes special credit.

NEC CLOSEUP: NEC's sales of home electronics products rose 5% to \$1.7 billion in fiscal 1989 ended March 31, 1989 annual report said. Home electronics share of total sales dropped to 7%, after 4 straight years at 8%, report said.

Overseas sales were boosted by higher demand for large-screen color TVs, projection TVs, Super VHS VCRs and digital surround amps, NEC said. In Japan, sales of direct broadcast satellite (DBS) receivers grew significantly, as did videogames and other "personal intelligence" products, company said. Extended-definition TV (EDTV), which NEC introduced in Sept. 1988, will give company competitive edge in high-definition TV (HDTV) market, report said.

In fiscal 1989, NEC continued strategy of expanding overseas production and marketing. Among overseas developments, it expanded Singapore semiconductor plant, established components plant in Thailand, set up Hong Kong and Taiwan procurement offices, added mobile phone and facsimile machine production at Ore. plant. In Europe, NEC formed marketing subsidiaries in France and Sweden, added cellular phone and fax production at U.K. plant, increased chip manufacturing in U.K. and Ireland.

NEC report said R&D expenses in fiscal 1989 totaled \$3.7 billion, up 12% from 1988, representing 16% of sales. R&D at new NEC Research Institute in N.J. and NEC Tsukuba Research Lab in Japan focus on HDTV and optoelectronics among other technologies.

India's color TV picture tube production is expected to double to 2 million annually by 1990 from one million in 1988, Japan Economics Journal reported. B&w tube sales in India tripled to 4.5 million in 1986-1988. Growth has been fueled by Japanese manufacturers Hitachi, Mitsubishi and Toshiba, which have expanded tube-making facilities in India in recent years, report said.

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SEPTEMBER 11, 1989

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

HIGH COST OF HDTV TO STATIONS: MST speakers estimate that equipment costs could run up to \$38 million for each station, including several million in order to pass through network. (P. 1)

NTIA STATURE RESTORED: Mosbacher moves agency out of Technology Administration after meeting with Dingell. Obuchowski will report directly to Secy. of Commerce. (P. 3)

HDTV SYSTEMS DROP OUT: Del Rey and NYIT won't have equipment ready for testing because of lack of funds. Philips working on all-new simulcast system. Other HDTV proponents will be ready. (P. 4)

WIRELESS CABLE TARGETS: Rapid growth goal expected to be main topic at annual conference. WCA predicts industry may serve 3 million in 2 years, Starion says 25 million in 2-3 years. Getting access to programming still problem. (P. 5)

MUST-CARRY CALLED URGENT: NCTA's Mooney says quick agreement is needed, or courts will say it's unnecessary. No meetings set to try to revive agreement. Sullivan pushes for coverage of Bush's drug speech. (P. 6)

LIN SEEKS FCC STAY: Requests review of Aug. 31 decision allowing transfer of its licenses to McCaw if McCaw succeeds in takeover. Bid questions authority of Mass Media and Common Carrier Bureaus. (P. 7)

HDTV ESTIMATED AT \$38 MILLION PER STATION: TV stations will have to spend at least several million dollars for even simplest conversion to HDTV -- merely transmitting network signals -- and as much as \$38 million for full conversion. So said speakers at HDTV conference last week at Washington's Westin Hotel, sponsored by MST. High costs threaten very existence of many stations, particularly in public broadcasting, speakers said, and are likely to force move toward increased cooperation among stations on setting up HDTV facilities.

When station revenues are growing 3-8% per year and some are finding actual decreases, it may be almost impossible for many to pay for HDTV upgrades, said Karl Renwanz, vp-engineering and operations, WNEV-TV Boston. "A lot of stations aren't worth \$38 million," A.H. Belo Best. Div. Ward Huey said. Estimates of \$38-million conversion cost are "causing a lot of public TV stations to wonder if they'll be around in a few years," said Howard Miller, PBS senior vp-broadcast operations and engineering.

Cost estimates could be inflated, admitted Robert Ross, dir.-broadcast operations and engineering, WJZ-TV Baltimore, who originated projection. He said it merely represents expense of replacing all of WJZ-TV's current NTSC equipment with new HDTV gear, based on current HDTV costs, but assumes they

Consumer Electronics

VCR DECK SALES UP 9.6% in Aug., at annual rate of 13.2 million. Color TV sales flat for 2nd straight month, camcorders up only 3.2%. (P. 9)

NEW VCR AND TAPE shown independently at Berlin Audio-Video Fair allow up to 15 hours' recording while maintaining high-quality picture. (P. 10)

JAPANESE CAMCORDER shipments to U.S. fell 13.6% to 217,494 in July, as oversupply continued. Color TV, VCR deck exports up, deck prices peak. (P. 10)

EIA RELEASES comprehensive consumer video trends study based on survey of color TV, large-screen TV, VCR deck and camcorder buyers. (P. 11)

EMERSON PLANS EXPANSION of consumer electronics line, adding large-screen TV, VCR/TV combination, low-priced fax, camcorders. (P. 13)

SEC HITS CRAZY EDDIE founder Eddie Antar with civil suit, charging insider trading and 'massive fraud.' (P. 13)

JAPAN'S TV PRODUCTION UP 1.2% in July, despite decline in overall shipments because of decrease in worldwide exports. VCR deck output up 7.3%. (P. 14)

ZENITH AND TANDY were only 2 U.S. companies with major consumer electronics interests to rank in Electronic News annual list of top 50 firms. (P. 14)

will drop somewhat in couple of years. Ross said cost figures probably will fall even more as result of mass production and research to get "more bang for the buck." But he pointed out that figure doesn't include installation costs, station rewiring or extra space that will be required for HDTV, and that even if cost is cut in half, "it's still a really big number."

It will cost \$1-\$2 million just to pass through network HDTV signals to viewers, even if station doesn't have to build new tower or microwave relays, Renwanz said. Ross said WJZ-TV may have to pay as much as \$9 million because it will have to build new tower and microwave links, as well as install new transmitter and pair of encoders. Speakers said many stations will need new towers -- because many existing structures can't support HDTV antennas -- but construction is likely to run afoul of local zoning authorities. Renwanz predicted many stations will build jointly owned towers to accommodate HDTV antennas.

Equipping for local HDTV production will add nearly \$15 million to each station's bill, Ross said. Renwanz put figure at \$14 million, but said there's no way local broadcasters could afford to do in HDTV all local programs they now do in NTSC. He predicted broadcasters will set up cooperative HDTV production studios with other stations or cable systems. Ross said WJZ-TV could do significant amount of local HDTV production only by renting HDTV studios from new entrepreneurs several hours per day. PBS's Miller said public stations probably will form consortia for local HDTV production because it would be "difficult for even the largest PBS station to take a bite that large." Cost of HDTV field production equipment is "ridiculous," Ross said. He and others also pointed out HDTV cameras probably always will be too bulky to be handheld, limiting their utility for news. Renwanz said WNEV probably will never have more than one or 2 HDTV-equipped field production units.

Digital fiber optic delivery systems and possibility of "leapfrogging" analog HDTV to digital system were other main topics at conference. Author George Gilder said there's "nothing in the world more important than getting fiber to the home" because of potential impact on U.S. productivity. Gilder and Bell Atlantic Vp Technical Planning John Seazholtz said giving telcos right to carry HDTV programming is important to provide incentive for installing fiber. Seazholtz said telcos would offer video transmission services to all comers, including their own production divisions if allowed, on same terms and conditions. Asked about effect on "free TV," Seazholtz said telcos would provide channels, but broadcasters would have to pay same charges for them as would cable operators and could recoup costs either through ads or fees charged to subscribers.

Zenith Chmn. Jerry Pearlman attacked several of what he called HDTV "myths," saying: (1) HDTV market won't grow quickly because less than 3% of TV sets sold each year for decades have cost more than \$1,000, indicating "very limited market" for high-price HDTV sets. (2) Federal funding of HDTV R&D is much less important than standard setting and enforcement of trade laws. (3) HDTV won't necessarily have wide aspect ratio because of continued importance of 4:3 ratio NTSC. (4) HDTV receiver won't be home computer and interactive display because receiver will be very large while typical computer screen is 14"-20". Computer also is in home office or study, while principal TV set is in living room.

Other developments at MST conference: (1) Cable industry must retain possibility of switching to higher quality HDTV signals if broadcast standard is inadequate, Cable TV Labs Vp Craig Tanner said. (2) Construction of Advanced TV Test Center (ATTC) will begin "shortly," Exec. Dir. Peter Fannon said, and 12,000-sq.-ft. facility will be ready for industry visits by late Jan. or early Feb. (3) Lawsuits by losers are likely to delay HDTV selection process, speakers said.

Also on HDTV, Senate Communications Subcommittee added hearing to increasingly crowded Sept. agenda. Hearing, set for 9 a.m., Sept. 27, Rm. 562, Dirksen Bldg., will focus on bill (S-952) by Sens. Kerry (D-Mass.) and Boren (D-Okla.) designed to stimulate R&D. House Telecom Subcommittee also announced another in series of its HDTV hearings, Sept. 13, 9:30 a.m., Rm. 2322, Rayburn Bldg. House unit will focus on consortia concept, with witnesses scheduled to include Solomon Buchsbaum, exec. vp-Bell Labs; Robert Noyce, chmn.-Sematech; Barry Whalen, senior vp-Microelectronics & Computer Technology Corp.

Meanwhile, launch of new Pentagon HDTV task force has been delayed as result of appointment of new Defense undersecy. for acquisition, John Betti. Betti, who took office Aug. 11, is expected to finish organizing staff and his own priorities before announcing task force, spokeswoman said. Task force membership and charter are likely to be announced in fall. Group originally had been expected to begin meeting in early Aug. It's to be headed by Exec. Secy. Roy Beasley, who has been criticized by broadcast interests for his Strawman II proposal that called for 5-year moratorium on start of HDTV broadcasts and for larger Pentagon role in overseeing its development. Strawman is among proposals that could be presented to task force.

FCC's Advanced TV Advisory Committee has "progressed remarkably," particularly in last few months, according to letter from major industry groups to FCC Chmn. Sikes. Support for Advisory Committee comes as request remains pending at FCC for renewal of panel's charter beyond scheduled expiration at end of month. Renewal generally has been expected. Letter was signed by presidents of Assn. of Maximum Service Telecasters, Electronic Industries Assn., NAB, NCTA, Telecommunications Industry Assn. Further work of Advisory Committee is "essential to eventual FCC selection" of HDTV standard, letter said. Group said "timely selection of the appropriate terrestrial standard is of paramount importance for full U.S. participation in the world HDTV marketplace."

NTIA'S INDEPENDENCE RESTORED AT COMMERCE DEPT.: Bowing to congressional pressure, Commerce Secy. Robert Mosbacher removed NTIA from new Technology Administration (TA) Sept. 7, returning agency's prominence and independent stature. Decision came after breakfast meeting Sept. 6 between secy. and House Commerce Committee Chmn. Dingell (D-Mich.).

NTIA status was changed Jan. 6 as part of reorganization to make way for new TA, created by Congress. But NTIA move hadn't been anticipated by lawmakers, drew strong bipartisan opposition. Legislators saw action as downgrading NTIA, which already had fallen long way from days as unit with different name located inside White House. Congress also was unhappy with added bureaucracy involved. Unit is headed by asst. secy., who had reported directly to Commerce secy. Reorganization saw asst. secy. reporting to new technology undersecy., slot now filled on acting basis.

Internal document formalizing return of NTIA's independence hasn't been released. However, sources said Mosbacher agreed at meeting with Dingell at Commerce Dept. that NTIA deserved high profile. Dingell reportedly argued case for agency's importance as chief telecommunications policy adviser to President. He contended that asst. secy. needed direct access to secy. and open line of communication because of importance of telecommunications to U.S. economy, sources said. Example reportedly cited in discussion was issue of freeing telephone Regional Holding Cos. from Modified Final Judgment. NTIA also has played key role in development of separate satellite systems policy by President Reagan, AM stereo, HDTV standards, spectrum allocation.

Dingell also was said to have pointed out NTIA's importance to Commerce Dept. in policy jurisdictional battles over years with FCC and State Dept., and importance to Commerce of maintaining unit with stature of State's Bureau of Communications & Information Policy. Dingell also said submerging NTIA in TA was incompatible with missions of 2 units. Mosbacher reportedly said that it never was intention of Administration to downgrade NTIA.

Mosbacher action was applauded by both Democrats and Republicans in Congress. NTIA was "team player" regardless of location in Commerce, and would have used its strengths in TA "to be as successful as possible," Dir. Janice Obuchowski said. She cited HDTV as having policy implications cutting across 2 agencies' boundaries. NTIA status is likely to come up at agency's budget authorization hearing tentatively scheduled by House Telecom Subcommittee for Sept. 28.

TV courses will be transmitted to rural Ky. through Star Channels (SC) program administered by Ky. Educational TV (KET), using GTE Spacenet 2 communications satellite. Instruction, including advanced math, science and foreign languages, is intended to offset shortage of Ky. secondary school teachers, KET said. Local teachers can use SC lessons in daily classes. Programs include for-credit high school instruction through live, interactive courses via satellite. Interactive programs are designed to help students in rural or disadvantaged school districts, KET said. GTE said Ky. satellite-delivered system will be largest in U.S. when completed in spring. KET is producer for Satellite Educational Resources Consortium, partnership of 18 state departments of education, state private TV networks, local school districts.

TV Bureau of Advertising annual meeting Nov. 13-15 at L.A. Century Plaza Hotel will feature Chrysler Vp Laurel Cutler, Anheuser-Busch Exec. Vp Michael Roarty, NAB Pres. Edward Fritts, Management Development Assoc. Pres. David Schmidt. Details: 212-486-1111.

CPB and National Coalition of Independent Public Bestg. Producers have reached preliminary agreement on establishment of congressionally mandated independent production service (IPS). Pact includes resolution of long-contested issue of IPS board succession, with parties agreeing that new candidates will be nominated by independent producer community, not CPB or IPS board. National Coalition has submitted proposed slate of board members to CPB for approval, with CPB reply due soon. Congress has directed that IPS, with annual production budget of \$6 million, be operational by fall. Service has mandate to "expand the diversity and innovativeness of programming available to public broadcasting."

Society of Professional Videographers has been formed to represent professional event-type videographers, Pres. Paul Kennamer said. Founding directors are John McDonnell, Panasonic mktg. mgr.; James Hansen, Sony vp; Murray Wilson, Savannah College of Art & Design; James Dudley, U.S. Chamber of Commerce; Deanna Nunley, Pro Videogram. Details: 204-534-3600.

HDTV SYSTEM LIST CHANGES: At least 2 HDTV system proponents -- Del Rey Group and N.Y. Institute of Technology (NYIT) -- apparently have dropped out of testing program being organized by FCC's Advanced TV Advisory Committee, both saying lack of funds will prevent them from providing hardware for trials by deadline. N. American Philips, meanwhile, said it's working on all-new simulcast system as option to its previously announced HDTV augmentation system. Del Rey and NYIT said they hope to continue development on at least limited basis. Rest of HDTV proponents have notified committee they will be ready for testing.

Philips' all-new HDTV transmission system would use separate self-contained 6-MHz channel to simulcast HDTV signal, said Peter Bingham, Consumer Electronics vp-technology. If successful, simulcast system would be alternative to Philips' already planned HDTV system, which uses standard 6-MHz NTSC channel with 3-MHz augmentation channel. Simulcast method probably won't be ready for start of testing by Advanced TV Test Center (ATTC), but it could be submitted later in test process, he said.

There's no solid timetable for introduction of simulcast system. Philips Labs Pres. Mark Rochkind said he expects it to be demonstrated in "very short time" because it's based on technology company developed in work on signal compression for augmentation channels. Bingham said it's doubtful system will be ready for demonstration by end of year. Rochkind said Philips is looking for partners in venture. Simulcast system still would require separate NTSC signal to be delivered to existing TV sets, but entire HDTV signal would be compressed into single 6-MHz channel. Bingham said HDTV signal is "friendly" so it would be easy to transcode program originating in HDTV to NTSC for simulcast. Philips still is working to prove that simulcast signal will meet FCC goals of channel conservation and mandated interference levels, Bingham said, but is confident system will prove acceptable.

Philips continues to work on HDTV augmentation channel systems. Rochkind said it plans news conference later this year to demonstrate system using standard 6-MHz NTSC signal and 4.5-MHz augmentation channel. Demonstration will include early model of consumer-level HDTV VCR and over-air transmission, he said. Philips already has tested 6-MHz augmentation channel system successfully, but is using compression techniques to reduce bandwidth requirement. Bingham said goal remains putting all augmentation information needed into 3-MHz channel, but company still hasn't decided what augmentation scheme will be submitted to ATTC for testing.

Meanwhile, 2nd round of funding for Del Rey Group simply didn't arrive, Pres. Richard Iredale said. Canadian Bestg. Corp. (CBC), Cox, Tribune Bestg. and Westinghouse Bestg. had contributed total of \$400,000 for early development of Del Rey's compatible HDTV transmission system, but more was needed for hardware. Del Rey remains hopeful it will get funding, possibly from Pentagon's Defense Advanced Research Projects Agency (DARPA), but DARPA's main interest is display technology rather than Del Rey's transmission approach. Simulation tests of Del Rey's system continue at low level in Canada, sponsored by CBC, and Iredale said development continues "as much as we can."

NYIT cited same basic problems in letter to Advisory Committee subcommittee indicating it wouldn't be able to deliver hardware. NYIT didn't respond to invitation to Sept. 28 meeting of HDTV system proponents at FCC hq to set

test schedule, Advisory Committee Chmn. Richard Wiley said, but he said he will try again. William Glenn, head of NYIT project, left about 6 months ago, reportedly because of concerns about money. NYIT officials weren't available for comment. All other proponents said they will participate in meeting and indicated their hardware will be ready for testing, Wiley said. Others still planning to participate include Faroudja Labs, MIT, NHK, Philips, Production Services, Sarnoff, Zenith.

New NTIA Dir. Janice Obuchowski made first major HDTV speech at conference sponsored by MST Sept. 6. Most of speech dealt with history of HDTV and indicated continuation of previous NTIA policies on system. In response to question, she said U.S. preference for free-market approach to technology development must "evolve." Free enterprise supporters are "absolutely right" about its benefits for activities completely within U.S. borders, Obuchowski said, "but the reality is that the global market is different. Even the most laissez-faire people have to come to terms with that."

Four FCC commissioners are scheduled to testify Sept. 14 at House Telecom Subcommittee hearing on agency's FY 1990 authorization. Subcommittee added Andrew Barrett after Ill. state regulator was sworn in as 3rd new commissioner Sept. 8 by U.S. Dist. Judge James Zagel in ceremony in Chicago. Already on hearing schedule were Chmn. Sikes and Comrs. Marshall and Quello. Comr. Dennis, whose service ends this month, isn't expected to testify, although one aide said she could be added. Hearing is at 9:30 a.m., tentatively set for Rm. 2218, Rayburn Bldg. Meanwhile, panel's hearing Sept. 13 to explore HDTV consortia concept will include Solomon Buchsbaum, exec. vp-Bell Labs; Robert Noyce, chmn.-Sematech; Barry Whalen, senior vp-Microelectronics & Computer Technology Corp. Hearing is scheduled for 9:30 a.m., Rm. 2322, Rayburn Bldg. Senate Communications Subcommittee also plans HDTV hearing on govt. options, 9 a.m., Sept. 27, Rm. 562, Dirksen Bldg., with focus on bill (S-952) by Sens. Kerry (D-Mass.) and Boren (D-Okla.) designed to stimulate R&D through federal funding. Subcommittee also has Sept. 15 session on minority ownership in media, 9 a.m., Rm. 628, Dirksen Bldg., and is considering Oct.-Nov. oversight hearing on 1984 Cable Act, targeting rates and bills to deregulate industry, sources said.

Local broadcasters would waste millions of dollars they have spent for exclusive rights to programming in anticipation of start of syndicated exclusivity (syndex) Jan. 1 if U.S. Appeals Court, D.C., grants another stay, group of syndex supporters said. Group, including NAB, Cap/ABC, INTV, Meredith Corp. and MPAA, filed objection to syndex opponents' motion for delay of effective date (TVD Sept 4 p3). Opponents had claimed they need 120 days after final syndex decision, which won't be made until after oral argument Oct. 16, to buy equipment and that they would waste millions of dollars on equipment to black out and substitute programming if court overturns syndex. NAB group said broadcasters already have spent similar amount to buy exclusive rights, and would waste time and money if syndex is delayed. Group also said broadcasters have spent "very substantial" additional amount on administrative costs of complying with syndex. NAB group said syndex opponents didn't consider less expensive alternatives to costly automated switching systems and were "less than fully forthcoming" in claiming need for 120-day lead time. Group said switching equipment already is available and long lead is needed only for more sophisticated switcher offered by Monroe Electronics.

WIRELESS CABLE GROWTH SEEN: The goal of rapid expansion of wireless cable industry is expected to be main topic at annual Wireless Cable Assn. (WCA) conference Sept. 11-13 at Hyatt Regency Crystal City, Arlington, Va. Pres. Robert Schmidt said Starion Entertainment estimates of 25 million audience for wireless cable in 2-3 years may be optimistic, but tenfold increase to 3 million homes in 2 years is possible. "A lot has to happen first" to achieve such growth rates, Schmidt said.

Starion Mktg. Vp George Schulman said prediction compares with 300,000 on 23-24 wireless cable systems now and "virtual nonexistence" 2 years ago. Starion, whose principal owner is Amway, is making major push to provide programming to wireless cable. It's doubling exhibition space at WCA conference, Schulman said, and will be represented by top managers, including CEO Robert Powers.

Schmidt said main problem is lack of access to programming -- handful of wireless cable operators can get ESPN, HBO and Showtime, but those are exceptions, and none receives TNT. "Those are the 4 mules," he said. "Without those, we do have an acute marketing problem." He said Showtime has said it will pursue wireless cable market aggressively, but it's "notably absent" from exhibit floor, as is HBO. Schmidt hopes "clamor among critics and consumers of cable programming," plus marketplace incentives, will convince programmers to serve market. However, legislation is pending in Congress that could force programmers to make fare available for resale by 3rd-party providers, including wireless cable, or prohibit discrimination against alternative technologies (TVD May 15 p6, May 8 p11).

WCA expects attendance at conference to reach 550-600, and Schmidt said number of exhibitors has "overflowed" exhibit space, even though area is double that of year ago. He said speakers at conference include Sens. Gorton (R-Wash.) and Specter (R-Pa.), Communications Equity Assoc. Chmn. Patrick Michaels, Family Entertainment Network Pres. Chuck Mauszycki, Macrovision CEO Gene Eidenberg, Metropolitan Cablevision CEO James Theroux, Microband Chmn. Mark Foster and Vp Bruce Mann, Network for Instructional TV CEO Thomas Pyle, NuCable Chmn. Thomas Wheeler, Technivision Exec. Vp Howard Addison.

Gorton speaks at opening breakfast Tues. Other Tues. sessions deal with operator experiences, consumer benefits of wireless cable, media view of marketplace, wireless cable's market role, economics of business. Wed. sessions include breakfast with congressional staff, govt. view of marketplace, general session on rosy future of wireless cable, new revenue sources, lunch speech by Specter, Schmidt's presidential message. Details: 202-452-7823.

Mass media financials: MCA launched \$200 million convertible Eurobond issue, carrying 5.5% coupon and 17% conversion premium. Bonds are for 10 years, callable after 5... Jones Intercable posted \$24.3 million loss in fiscal year ended May 31, compared with \$29.3 million profit in preceding year. Loss was despite 37% revenue growth to \$65.8 million, and company said it resulted from increased depreciation, amortization and interest expenses related to spending \$310 million on new cable systems... Multimedia distributed rights to purchase additional shares to existing stockholders as part of defense against hostile takeovers. Rights can be exercised only if there's tender offer or someone buys 15% of Multimedia stock... Texscan said it had \$141,000 net profit in first quarter ended July 19, compared with \$394,000 loss in same year-ago period. Order backlog is \$15.3 million, up 20.5% from April 30.

PBS aired program containing controversial pro-Palestinian documentary Days of Rage Sept. 6 along with on-air disclosure, repeated twice, that it had found "no basis" in charge that show was funded by Arab American Cultural Foundation (AACF), as alleged in New Republic magazine article. PBS guidelines prohibit actual or perceived editorial control by underwriter. Broadcast disclosure noted that AACF and Days of Rage producer Jo Franklin-Trout have denied that AACF provided production support, and that viewer interests were better served by airing, rather than canceling, program. N.Y. Times editorialized Sept. 8 that while broadcast "was justified," PBS owed "a fuller accounting... including an explanation of the network's routine practices for maintaining public confidence in its journalism." The 2-1/2-hour program, including hour of added material intended to balance acknowledged point-of-view documentary, received comparatively large audience for PTV of 2.1 rating/4 share in 21 overnight markets, Nielsen reported. While stations reported largely negative viewer response to show on day it aired, that had changed to largely favorable reaction next day. More than 300 members of presenting station WNET N.Y.-Newark urged cancellation, spokeswoman said, but only handful demanded refunds.

ABC Productions is negotiating to produce TV programs for competing networks, including NBC and HBO. Announcement of "laundry list" of projects is expected in 4-6 weeks, Mgr.-Business Information James Brochu said. ABC-TV will continue to have right of first refusal for programming originated by group, headed by former ABC Entertainment Pres. Brandon Stoddard, but Productions will be able to make shows for ABC competitors if network turns down program or if outsider comes in with original idea. Brochu said deal, if concluded, probably would be first time network has produced programming for competitor. "This enables us to go out and attract top-flight creative people," he said. "This way, they're not stuck with an exclusive situation where, if ABC turns a project down, it's done." Brochu said selling programming elsewhere also allows ABC Productions to spread overhead over more projects. ABC Productions was formed in March to replace ABC Circle Films, which did miniseries and some regular series for ABC.

Preliminary injunctions have been obtained in federal court against 4 Colo. satellite dealers suspected of selling illegally modified descramblers, Satellite Bestg. & Communications Assn. said. It identified as dealers: Discount Satellite, Ultimate Satellite, Vega Telecommunications, Mike Wagner. Separate civil lawsuits were filed last month in Colo. against those dealers by Cable Home Communication Corp., Home Box Office, M/A-Com Govt. Services, Showtime/The Movie Channel. Of dealers, all but Ultimate Satellite are under FBI investigation, SBCA said. No trial date has been set. Bond has been set at \$50,000 for Vega, \$25,000 for Discount, SBCA said; bond hasn't been set for others.

CNBC has been "phenomenally" successful in first 100 days, NBC Cable Pres. Thomas Rogers told N.Y. TV Academy last week. CNBC has 90 affiliates, 800 systems and 13 million subscribers, Rogers said, and has signed agreements that call for more than 20 million over next 2-3 years. Announcement of new markets is likely by end of year. Regional 24-hour news channels also give cable systems more local presence and provide better service to viewers, Rogers said. He cited 2 other major NBC cable developments -- planned use of multichannel pay-per-view during 1992 Barcelona Olympics and development of interactive video.

MUST-CARRY NEED SAID URGENT: Time is growing short for industry agreement on must-carry, NCTA Pres. James Mooney told closed-door NAR TV Executive Forum Sept. 6-7. Mooney, whose speech was described as "ail sweetest and light," said continuing delay will make it more difficult to convince courts to accept whatever compromise emerges because opponents will say industry has lived successfully this long without must-carry.

Mooney took opportunity for quick private meeting with NAB Pres. Edward Fritts, but there was no announcement on renewed must-carry negotiations. INTV torpedoed original deal that would have virtually guaranteed all local TV stations would be carried on cable systems with more than 12 channels (TVD July 17 p2). INTV rejected on-channel assignments for UHF stations, saying many cable systems don't have enough higher channels. In speech to about 45 senior TV executives, Mooney repeated earlier claims that stations' requests to be placed on VHF slots on cable systems can't be defended on First Amendment grounds. He said rest of original must-carry agreement probably is acceptable to cable industry, but it probably won't accept INTV's channel position requirements.

Health & Human Services Secy. Louis Sullivan made strong plug for TV stations to carry President Bush's speech at 12:15 p.m. EDT Tues., which White House is billing as first nationally televised presidential address aimed directly at students. All 3 networks are planning to carry speech on drug-related issues. Sullivan complimented broadcasters for making "media a part of the solution" to drug problem. He said TV has been "very successful" in using its power to change attitudes and create social intolerance of drug use.

Telecommunications Industry Assn. (TIA) will sponsor seminar on HDTV and fiber optics Nov. 8-9 at Ramada Renaissance, Washington. Five panels are planned, dealing with when and how HDTV will be introduced, who will provide HDTV transmission media, manufacturers' plans for using fiber, when fiber will be installed, fiber's impact on information revolution. TIA said it has invited variety of speakers, including House Telecom Subcommittee Chmn. Markey (D-Mass.) and Senate Science Subcommittee Chmn. Gore (D-Tenn.). Details: 202-457-8737.

Video Jukebox Network (VJN) said it will enter N.Y. market with launch of interactive music video service on ATC's Queens cable system and on U.S. Cable of Patterson, N.J. ATC system has 60,000 subscribers, U.S. Cable 20,000. VJN also said it will increase capacity on systems in Detroit, Newark and Philadelphia, where demand overloaded initial installations. VJN CEO Andrew Orgel called N.Y. deal "landmark" because of visibility it gives firm.

TCI will provide free cable programming, hookups and service to schools as part of Cable Alliance for Education, COO J.C. Sparkman said. TCI also said it will provide C-band satellite home dishes for schools in its service areas that aren't passed by cable, as well as free TVs and VCRs for handful of "critically disadvantaged" schools. Nationwide launch is due in Oct., Sparkman said, and eventually will provide hookups for 5,000 schools.

Pay-cable penetration reached 29.4% and VCR penetration 65.8% in July, Nielsen Media Research reported. Pay-cable figure was unchanged from last Nielsen study in May, but up from 28.8% year ago. VCR penetration was up from 65.5% in May and 60% year ago. Washington, D.C., had highest VCR penetration in nation, 74.4%, and Laredo highest pay cable, 51.4%.

Cable transactions: Star Cablevision said it has retained Waller Capital to explore selling or merging some or all of its cable properties, which have 165,000 subscribers in 4 midwestern states... Activision sold 973-subscriber SMATV system in Fulton County, Ga., to Vista Communications. Broker: Communications Equity Assoc... ATC and Centel Cable finalized ATC buy of 14 central Fla. cable systems serving 100,000 subscribers. Price of \$251 million will be financed from ATC's existing credit line... Warner Cable said it completed acquisition of Ohio cable systems owned by Centel Cable and Tele-Media. Centel systems in 57 central and western Ohio communities have 76,900 subscribers, and Tele-Media systems in central and southwestern Ohio have 30,000... Comcast has taken 100% ownership of Comcast Cablevision of Ind. from partner Mutual Life. Limited partnership owns Ft. Wayne cable system with 58,000 subscribers... Republic Cable sold its cable assets to Cablevision Systems. Systems, all in Ariz., have 45,000 customers. Cablevision immediately agreed to swap Republic systems for Times Mirror units in Long Island and Haverhill, Mass. Trade is expected to be completed in late Oct. Broker: Communications Equity Assoc... Adelphia Communications bought all cable assets of Richlands Cablevision and Better Entertainment Cable. Systems, with 30,000 subscribers, serve Va. communities. Broker: Communications Equity Assoc.

Broadcast transactions: Better Communications completed acquisition of KDNL-TV (Ch. 30-independent) St. Louis from Cox Enterprises. Newly formed Better was founded by Barry Baker and Larry Marcus in conjunction with some executives of Communications Equity Assoc., which represented buyer. Better said it expects to acquire additional radio and TV stations... Video Jukebox Network (VJN) has options to buy low-power TV stations in Columbia, S.C., Durham, Louisville and Savannah. VJN is building low-power stations in Jackson, Miss., and New Orleans, expects to get CPs for Indianapolis and Waldorf, Md... TM Communications completed purchase of Broadcast Products Div. of Media General for \$1.95 million, although price could be adjusted to as low as \$1.5 million. TM, meanwhile, said it lost \$89,000 in first half, vs. \$520,000 loss year ago... Chase Communications signed letter of intent to buy all shares of Seltel, sales rep for 111 TV stations, Chase Chmn. Roger Freedman said.

Nielsen's plan to use line 22 of TV signal to carry ratings-related information threatens very future of Airtrax's planned automated commercial monitoring system, Airtrax Pres. Arnold Dubin said. FCC tentatively approved Nielsen request, and comments are due Sept. 22. Several advertisers, including Procter & Gamble and General Foods, have written to FCC saying Nielsen proposal would restrict range of line 22 services available to advertisers. Senate Communications Subcommittee Chmn. Inouye (D-Hawaii) also has written agency recommending FCC move carefully on decision. "At issue is whether television ratings and electronic commercial verification systems can co-exist," Dubin said. Airtrax in 1986 received FCC okay to use line 22, spent 3 years developing patented technology.

Stroh Brewery is canceling its \$600,000 annual funding of 4 National Audubon Society TV specials, co-produced by Turner Bctg. System and WETA-TV Washington. While Audubon production executive said it had rejected Stroh request to make changes in upcoming show about loggers in face of objections by environmentalists, Stroh attributed pullback to cost-cutting effort. It reportedly is laying off 300 of 1,500 white-collar workers and reducing ad/promotion budget.

LIN SEEKS FCC STAY: LIN Bestg. filed application for review with FCC last week to stay Aug. 31 decision by Common Carrier and Mass Media Bureaus to allow transfer of LIN's cellular, paging and TV station licenses to McCaw Cellular Communications if latter succeeds in \$110-per-share takeover of LIN (TVD Sept 4 p5).

LIN suggested Commission convene en banc panel to consider stay: "LIN requests that a Board of Commissioners be convened to act with respect to the [order] at least in connection with the question that will be raised in LIN's application for review as to whether Bureau Chiefs had lawfully delegated authority to adopt [the order]."

LIN said order to transfer licenses to MMM Holdings, which McCaw set up to receive LIN's holdings, violates Communications Act and is "factually erroneous on a number of counts." LIN said it would be "irreparably injured" if stay isn't issued. Order became effective Sept. 5. Specifically, LIN said stay is warranted because: (1) LIN is likely to succeed on merits. (2) Order will cause injury to LIN stockholders. (3) Stay won't harm McCaw or others. (4) Public interest.



Proposal to originate programming from FM translator would "open the floodgates to many similar requests" without formal FCC rulemaking, NAB said in comments to Commission. Gerard Turro has asked FCC for permission to originate programming from FM translator in Ft. Lee, N.J., that would include 20 daily newscasts, talk shows, public service announcements, live remote broadcasts. NAB said petition is "virtually identical" to one Turro filed in 1986 that Commission rejected as "abuse of FCC processes." NAB said it shares Turro's apparent frustration that FCC hasn't started rulemaking on FM translators, but agency's reasoning in rejection still is valid and agency should conduct rulemaking before opening door to similar applications. Broadcasters also rejected Turro's argument that Bergen Co., N.J., is underserved, saying it's "beneficiary of far more radio service... than the nationwide average."

Western European viewers of commercial satellite TV channels total 11.6 million, up 58% from same April 3-30 period studied in 1988, Pan European TV Audience Research (PETAR) said in survey. Viewing rose to 25.2 million in one week (up 50%), with 32 million (up 40%) watching one or more commercial satellite channels over 4-week period, survey said. Results also show commercial satellite channels are watched more frequently, it said, and potential audience now is more than 43 million, gain of 11 million in year.

Registrants are signing up in record numbers for NAB's Radio '89 meeting Sept. 13-16 at New Orleans Convention Center, Assn. said. Convention will include more than 70 panels and exhibits by 180 firms occupying nearly 40,000 sq. ft. Speakers will include NAB Pres. Edward Fritts, NAB Joint Board Chmn. Lowry Mays, former Boston Celtics coach Red Auerbach, PepsiCo Chmn. Wayne Calloway, Canadian Bestg. Co. Senior Technical Officer Steve Lyman.

Warner Cable Pres. James Gray will keynote joint conference of NCTA and National Assn. of Minorities in Cable Sept. 28-29 at Waldorf-Astoria Hotel, N.Y. Other speakers include Robin Cable General Partner Frank Washington, Strategy Research Group Vp Terry D'Angona, Black Entertainment TV Pres. Robert Johnson, Galavision Vp-Gen. Mgr. Starrett Barry. Details: 202-775-3669.

Procter & Gamble (P&G) remained top cable advertiser in first half of year, but Time Inc. and Kohlberg Kravis Roberts (KKR) had some of largest ad growth, Arbitron reported. It said P&G spent \$16.7 million on cable in first half, 18.2% increase. Time vaulted from 5th year ago to 2nd with 76% jump to \$13.8 million. KKR hadn't even made top 10 year ago, but multiplied cable ads by nearly 10 to reach 4th with \$12.2 million. Other top 10 cable advertisers: Philip Morris 3rd with \$12.9 million, up 8.1%; Anheuser-Busch 5th, \$10.6 million, up 24.5%; General Motors 6th, \$10 million, up 171%; General Mills 7th, \$8.6 million, up 1%; Mars 8th, \$8.4 million, up 67.4%; Eastman Kodak 9th, \$6.3 million, up 3%; Pepsico 10th, \$6.1 million, up 83%. Chrysler, RJR Nabisco and Gillette have dropped from top 10.

Copyright Royalty Tribunal should eliminate syndicated exclusivity (syndex) copyright surcharge effective May 5, 1989, because that's when FCC's new syndex rules took effect, CATA argued in comments to Tribunal. Others have contended surcharge shouldn't be eliminated at least until syndex itself is required Jan. 1. However, CATA said, opposing parties raised "smoke screen of side issues," citing FCC rules "unequivocally" stating effective date of Commission rules is date they're put on public notice. CATA also said copyright holders and programmers already have relied on new syndex rule to negotiate agreements with broadcasters, and programmers such as WTBS Atlanta have acquired exclusive rights to programs.

General Instrument is withdrawing confidential document it submitted as part of FCC's investigation into whether syndicated exclusivity should be extended to satellite TV. INTV, NAB and MPAA had asked FCC to make document public so they could respond to it, but failed to reach agreement with GI on conditions for release. Broadcast group said GI decision to withdraw document and "desire to avoid undue delays" in process prompted them to drop request. They pointed out, however, that request can be reinstated if GI attempts to use it again and that FCC "must grant absolutely no consideration to any assertions" in it.

Law Enforcement TV Network (LETN) has signed 4-year contract with GTE Spacenet to broadcast via satellite to law enforcement officers and trainers in U.S. Terms weren't disclosed. LETN, which began broadcasting over GTE Spacenet's GStar II satellite in May, is subsidiary of Carrollton, Tex.-based Westcott Communications (WC). Programming consists of news, information and training in safety and survival, crime control and prevention and job-related stress, WC said. Encrypted 24-hour broadcasts are delivered 3 times daily in 8-hour segments to accommodate shift workers, company said.

Education Dept. has awarded grants totaling \$14.3 million under Star Schools educational telecommunications program, intended to increase secondary school access to specialized courses. All recipients also received funding in program's charter year in 1988. Grantees: Midlands Consortium, group of state universities, \$4.13 million; TI-IN Network (San Antonio), \$4.12 million; Satellite Educational Resources Consortium, public TV-state education department joint venture, \$4.01 million; Technical Educational Research Center (Cambridge, Mass.), \$2.03 million.

Conn. Bcstrs. Assn. has launched "Zap New York" campaign aimed at convincing state residents to watch local rather than N.Y. TV stations. Ads are posted in commuter rail cars, will be aired on stations, carried in magazines.

Personals

Promotions at Warner Bros.: Bruce Berman to pres., Theatrical Production Div., succeeding Mark Canton, named exec. vp, worldwide motion picture production, new post; Lucy Fisher to exec. vp-theatrical production, new post; Debbie Langford, ex-Hanna-Barbera Productions, named dir.-current programming, Warner Bros. TV... Jeffrey Curtiss, ex-Coleman Co., appointed Heritage Media exec. vp-chief financial officer... Karen Ritchie, ex-LINTAS: Campbell-Ewald, joins McCann-Erickson Detroit Sept. 25 as senior vp-dir.-media services, succeeding Helen Seligman, relocating to N.Y... Irving Azoff resigns as vp, MCA, and chmn., MCA Music Entertainment Group, reportedly to form independent music firm with possible backing of MCA.

FCC calendar -- Sept. 11: Chmn. Sikes keynotes conference on high technology in future of U.S. economy, 11:30 a.m., Park Terrace Hilton, St. Louis. Sept. 14: Sikes, Quello, Marshall and Barrett testify before House Telecom Subcommittee on FY 1990-authorization, 9:30 a.m., room to be announced. Barrett speaks at lunch of National Assn. of Black Owned Bestrs.' fall management conference, 12:30 p.m., Ramada Renaissance Hotel, Washington. Sept. 15: Sikes addresses NAB Radio '89 in New Orleans, 7:30 a.m., Windsor Court Hotel. Richard Firestone, ex-NTIA, officially named FCC Common Carrier Bureau Chief, effective Oct. 1... Bill Clark, Shamrock Bestg. pres., appointed chmn., NAB Radio '90 convention... Maria Komodikis, ex-CBS Best. International, joins ABC Distribution as vp-international TV sales.

Scott Hamilton, ex-GE Information Services, joins Advanced TV Test Center as mgr.-computer systems engineering... Mel Layton, ex-vp-acquisitions, Vidmark Entertainment, named to same post at Republic Pictures... David Harris, ex-head of Purdue U. Electrical Engineering Technology Dept., joins NAB as dir.-special projects... Patricia Niekamp, gen. sales mgr., KAAL Austin, Minn., elected pres., American Women in Radio & TV... Tina Peel promoted to asst. vp-research, Children's TV Workshop.

Katherine McQuay, ex-Billett Group and WBAL(AM) Baltimore, appointed mgr.-news information-media relations, NBC... Evelyn Mendez, ex-Home Insurance, joins Cap/ABC Radio Div. as vp-finance... Anthony Fox, ex-HBO, joins CBS Sports Sept. 18 as dir.-communications... Jacquelyn Jackson, ex-American Newspaper Publishers Assn., named dir., Times Mirror Washington corporate office... Craig Millar promoted to vp-TV sales, Great American Bestg.'s Best. Group... Ed Piette advanced to station mgr., KSDK St. Louis, new post... Daniel Oliver, former FTC chmn., becomes partner, N.Y. law firm Myerson & Kuhn... David Bright promoted to northwest mgr., Arbitron TV Station Services... JoAnn Giacalone advanced to dir.-national ad sales, All American TV.

Kay Delaney moves from vp-international sales mgr., CNN, to vp, CNN International... Changes at Arts & Entertainment Cable Network: Howard Zaremba advanced to senior dir.-network operations and engineering; Mona Kay promoted to senior dir.-ad sales administration, planning and pricing; John Schipp, mgr.-on-air promotion and advertising, NBC, joins as dir.-on-air promotion... Daniel Lobel moves from consultant, Turner Program Services, to exec. dir.-contract and sales administration and information services, new post... La Vida Dowell, ex-Ogilvy & Mather, joins Showtime Networks as dir.-trade mktg... James Degni, ex-Drexel Burnham Lambert, named dir.-MIS, cable's USA Network... Elected to CATA board: Fred Nichols, exec. vp-COO, TCA Cable; James DeSorrento,

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chmn., Triax Communications. Steve Effros, CATA pres., to be roasted Oct. 17 in Kansas City, co-sponsored by Mid-America Cable TV Assn. (MACA) and Okla. chapter of Women In Cable.

Thomas McSorley, ex-AdSell Direct Mktg. and onetime PBS Development, joins Md. PTV as vp-mktg. and development... Changes at NPR: Lois Schiffer, gen. counsel-secy., resigns to become partner in new Washington law firm with Robert Wald and Michael Nussbaum; Ellen Weiss advanced to exec. producer-afternoon news... Changes at CPB: Perrin Ireland, former program specialist, National Endowment for the Arts' Media Arts Program, joins CPB Program Fund as dir.-drama and arts programming, succeeding Jennifer Lawson, recently promoted to Program Fund dir.; Edward Coltman advanced to dir.-policy planning and development... Gail Christian resigns at end of month as PBS dir.-news and special projects, plans to remain in public TV... Changes at NAPTS: Martha Zornow resigns as gen. counsel; Denise Wood, ex-CPB, joins as mgr.-information resources, new post.

Mark Smukler promoted to dir.-bestg. and production, WQED Pittsburgh... Byron King, ex-WRSP-TV Springfield, Ill., joins WTVT Milwaukee as program dir... Bishetta Merritt named chmn., Howard U.'s radio, TV and film dept., succeeding Howard Myrick, appointed head of similar unit at Temple U... Carol Rueppel, ex-news dir., WTKR-TV Norfolk, joins WDIV Detroit in same capacity.

WRH

Consumer Electronics

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STATE OF THE INDUSTRY

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

	AUG. 19-25	1988 WEEK	% CHANGE	AUG. 12-18	8 MONTHS 1989	8 MONTHS 1988	% CHANGE
TOTAL COLOR.....	511,948	592,449	-13.6	347,557	13,222,330*	11,922,794	+10.9
DIRECT-VIEW...	506,177	585,258	-13.5	343,972	13,097,156*	11,769,104	+11.3
PROJECTION....	5,771	7,191	-19.7	3,585	125,174	153,690	-18.6
TOTAL VCR.....	309,894	352,729	-12.1	177,800	6,388,473	6,831,468	-6.5
DECKS.....	243,718	277,516	-12.2	146,195	5,217,808	5,748,015	-9.2
CAMCORDERS....	66,176	75,213*	-12.0	31,605	1,170,665*	1,083,453	+8.0

Color TV 5-week moving average: 1989--421,043; 1988--424,414* (down 0.8%).

VCR deck 5-week moving average: 1989--202,450; 1988--202,338 (up 0.0%).

Camcorder 5-week moving average: 1989--43,550; 1988--48,065* (down 9.4%).

* Record for period.

COLOR TV SALES FLAT, VCR DECKS UP IN AUG.: Aug. video equipment sales began with bang but fizzled in final weeks. Result was 2nd straight lackluster month for color TV and camcorders, but surprising rejuvenation for VCR decks. Sluggish TV sales in Aug. 1988 could be blamed on heat wave that boosted air conditioner sales that month (TVD Sept 12 p12), but weather wasn't factor this year.

Direct-view color TV sales rose just 0.1%, following 4.5% decline in July. First 6 months of year had increases, 3 of them more than 20%. In Aug., huge 47.8% gain in first week was followed by 3 straight decreases. Color TV sales have fallen in 9 of last 12 weeks, but sales still were running 11.3% ahead of last year's through first 8 months, EIA reported. Seasonally adjusted annual sales rate for Aug. was 19.8 million, lowest of any month this year. Annual rate for 8 months was 22.1 million, down from 22.4 million after 7 months but still 14.5% above 1988 record sales of 19.3 million.

Projection TV sales were down 5.9% in Aug., but that actually is improvement over decreases of 13.1% in July, 26.8% in June, 39.5% in May, 24.1% in April. Feb. has been only month in 1989 to show increase in projection TV (5.5%), and sales have declined in 25 of first 34 weeks of 1989. Cumulative projection TV sales were down 18.6%. In Aug., 3 of 4 weeks had decreases. Seasonally adjusted annual rate was 235,100, down from 274,100 in July. Rate for 8 months was 235,400, unchanged from 7-month rate, and representing 19.7% drop from full-year 1988 sales.

Aug. was one of best months of year for VCR decks, which rose 9.6% after dismal July that saw 23% decline. Sales through 8 months were down 9.2%. Decks got off to great start, rising 124.6% in first week of Aug., but slowed in next 3 weeks. Annual rate for Aug. was highest of year at 13.2 million, surpassing 13.1 million for March. Rate jumped 63.2% from 8.1 million in July. Through first 8 months, seasonally adjusted rate was 9.6 million, best cumulative sales rate of 1989.

Camcorders bounced back from gloomy July with 3.2% increase, but that's modest compared with growth rate in recent years. Sales through 8 months were up 8%. Camcorder sales pattern in Aug. was similar to that of VCR decks, with huge first-week increase (102.9%) followed by 3 sluggish weeks. Seasonally adjusted rate for month was 2.3 million, up 28.7% from July, and year-to-date rate was 2.4 million, same as 7-month figure.

Sales slumped in final week of Aug. for all major video products (see State of the Industry). Color TV 5-week moving average was down from same 1988 period for first time in 1989, off 0.8%.

Product	Aug. 1989	Aug. 1988	% Change	Aug. 1987
Total color.....	1,575,537	1,574,640	+ 0.0	1,615,245
Direct-view...	1,557,576	1,555,563	+ 0.1	1,587,690
Projection....	17,961	19,077	- 5.9	27,555*
Total home VCR..	928,739	856,322	+ 8.5	1,019,411*
Decks.....	772,939	705,347	+ 9.6	922,969*
Camcorders....	155,800*	150,975	+ 3.2	96,442

* Record for any June

15 HOURS PER CASSETTE WITH NEW VCR & TAPE: New circuit that triples recording time on VHS videocassette while maintaining high-quality picture, combined with new super long-play videotape, permits storage of 15 hours -- equivalent of about 8 or 9 movies -- on single European PAL-type videocassette. Both new VCR circuit and new tape were shown independently by different manufacturers at recent Internationale Funkausstellung (Audio-Video Fair) in Berlin.

Although demonstrations used PAL system, they had strong implications for U.S. and NTSC. Because tape moves slower in PAL system, U.S. version would provide 10 hours' recording time based on fastest speed (SP), but inventor of slow-tape system told us this probably could be increased by basing system on LP or EP speed. Although he said no tests have been made on NTSC, if slowest speed (EP) were used, along with new longer tape, 30 hours conceivably could be recorded on single cassette with quality apparently as good as standard EP recording.

Recording technology called Active Sideband Optimum (ASO) was demonstrated by Nokia, Europe's 3rd-largest TV manufacturer, and is scheduled for introduction in about year, while new longer cassette was introduced to European market by BASF, for sale this fall, after extensive market testing in Austria. Both developments were completely separate, and neither has approval of JVC, developer and guardian of VHS system. JVC representatives viewed ASO demonstration at Berlin show, Nokia official said, indicating his company might license development to other manufacturers. BASF officials said U.S. plans for new cassette haven't been worked out yet, but it was likely to be introduced in America.

ASO system actually was demonstrated by Nokia using standard European E-240 cassette (longest playing type until BASF's introduction of new E-300) -- providing 12 hours of recording at picture quality virtually indistinguishable from fast standard speed, although tape was moving at only 1/3 that speed. Inventor Gerd Reime, Nokia VCR signal processing chief engineer, declined to be specific about how remarkable picture was recorded at that slow speed, except to say that phase of FM carrier was switched "in a special way." Except for slower tape speed, he said no mechanical changes are required, same heads are used and system would add about \$3 to cost of VCR. He indicated that phase is changed every line -- sometimes 180°, sometimes 90°, etc., but in odd sequence. He said patent has been issued on system.

At that slow speed, special effects still are possible -- slow, fast, still, etc. In Europe, VCRs have 2 speeds, most common tape being E-180, which provides 3 hours at normal speed, 6 hours at slow speed but with observable deterioration. Nokia's 1/3-speed image was noticeably better than normal PAL half-speed picture. Reime said use of system with NTSC recorder should be relatively simple adaptation because NTSC has wider tracks on tape. He said it might be possible to adapt it to one of NTSC recorders' 2 slower speeds.

BASF, which has been leader in both U.S. and Europe in producing longer playing videocassettes, was first to bring out E-240 tape in Europe and its equivalent T-160 in U.S. Its new E-300 would be T-200 here. BASF spokesman said it was based on superstrong "extremely tear-resistant" 0.0135-mm thick polyester film procured from unnamed Japanese source, coated and with special backing applied in Europe by BASF. New cassette is list-priced at \$12 in Europe, vs. about \$5.30 for standard E-180 cassette.

In Austrian market test, 86% of buyers said they would buy same cassette again, BASF said. Company official told us BASF possibly would consider joint promotion with Nokia on "15-hour cassette," although it's likely that each company learned about other's development for first time at Berlin Fair. Because tape moves faster through recorder at standard NTSC speed, new BASF cassette would provide 3-1/3 hours' recording time at fastest (SP) speed, 10 hours at EP speed.

JAPAN'S CAMCORDER EXPORTS TO U.S. DOWN IN JULY: Japanese suppliers continued to ship greater numbers of color TVs and VCR decks to U.S. in July, but put brakes on camcorder exports, according to

Japan Finance Ministry figures. At same time, average price of Japanese VCR deck shipped to U.S. jumped to highest level of 1989.

Camcorder exports from Japan fell 13.6% to 217,494 in July, as manufacturers attempted to reduce oversupply of product in U.S. Camcorder sales to dealers in month were only 138,202, according to EIA (TVD Aug 14 p10), indicating Japanese manufacturers still are shipping too many units here. In first 7 months of 1989, camcorder shipments dropped 4.7% to 1,367,067. Sales to dealers in period rose 8.8% to 1,014,865, difference of 352,202. Export figures indicate average camcorder price of \$594.65 in July, down from \$597.11 in June and down nearly \$62 from \$656.62 in July 1988.

VCR deck exports to U.S. from Japan increased 9% to 809,076 in July, 5th straight month in which they rose from same year-earlier month. Total was down from 906,789 in June, however. In Jan.-July, deck exports were up 14.4% to 5,768,054.

Average dollar price of Japanese VCR deck in July was \$248.65, based on 141 yen-to-dollar rate in effect that month. That's up \$17.5 from \$231.15 in June and \$20.34 from \$228.31 in May, but down \$3.19 from \$251.84 in July 1988, when yen was 134 to dollar. Average price in yen was 35,060, highest of year and up 5.6% from 33,215 in June. Total value of deck shipments rose 12% in July.

Japan exported 27,766 total color TVs to U.S. in month, up 75.8% from July 1988. Complete color sets jumped 67.9% to 23,191, 7th straight monthly increase, and color chassis and kits 130.7% to 4,575, first monthly gain in 1989. In first 7 months, total color TV exports rose 41.3% to 158,507, complete color was up 55% to 147,697 and incomplete color was down 35.9% to 10,810. Japanese shipments of b&w TVs have virtually stopped, down 97.6% to 42 in July and 98.2% to 817 in Jan.-July.

Compact Disc player exports from Japan rose 17.5% to 329,648 in July, and were up 58.5% to 2,141,336 in 7 months.

Japan delivered 98,579 VCR decks to Canada in July, up 67.6%, and 432,440 in Jan.-July, up 13.6%. Complete color TV exports to Canada soared 70.9% to 699 in month, 70.2% to 9,678 in full period. Camcorder shipments increased 50.8% to 13,412 in July, but fell 21.2% to 70,100 in 7 months. CD player exports jumped 84.3% to 52,840 in month, 38.4% to 192,095 in 7 months.

Japan's worldwide exports of color TVs dropped 6.2% to 503,000 in July and value declined 6% to 18.2 billion yen, Finance Ministry reported. VCR deck shipments rose 4.9% to 1,950,000, with value up 3.1% to 72.5 billion yen. Camcorder exports fell 12% to 455,000 and value 13.6% to 41.9 billion yen.

EIA RELEASES BROAD STUDY ON CONSUMER VIDEO: About 62% of recent color TV purchasers surveyed last March said they weren't at all familiar with HDTV, and only 10% said they were very familiar with technology. That's one finding of massive report on consumer video buying trends commissioned by EIA's Consumer Electronics Group (CEG) and conducted by Verity Group. Report covers color, large-screen, VCRs, camcorders. Respondents were consumers who had purchased one of those products before March 1988.

Median price of color set bought by respondents was \$346. Median price paid by those aged 55 and over was \$384, compared with less than \$297 for buyers under 30. Consumers who paid more than they had expected for set paid average \$87 more, and those who paid less paid average \$74 less. Those who paid higher price did so mainly to get additional features (36%), and those who paid less did so because product was on sale (63%).

Color TV screen-size breakdown shows 25-29" as most popular, purchased by 36% of respondents. Other sizes: 20-24" (19%), 15-19" (29%), 13-14" (12%), 9-12" (3%), 8"-&-under (1%). Portable TVs were bought by 45% of respondents, table models 30%, consoles 24%. Most common TV features: Full cable capability (85%), remote control (85%), audio/video input/output jacks (71%), on-screen display tuning (69%), Super-VHS inputs (68%), MTS stereo (62%), universal remote (50%), picture-in-picture (PIP) (31%). Slightly more than 20% purchased extended warranty for set at median price of \$64. Dec. was by far most popular month for buying TV. Consumers visited 1.35 stores on average before making purchase. About half of respondents took less than one week to buy after making decision to do so, 21% took 1-3 weeks, 12% took month, 9% 2-3 months. Primary reasons for buying new set were failure of previous set (44%) or need for additional set (21%). Other reasons cited: Consumers hadn't owned TV (11%), wanted latest features (9%), received TV as gift (8%), set was on sale (6%), wanted larger screen (5%).

Brand reputation was cited by 46% of consumers as "very important" influence in selecting set. Other factors: Owned same brand previously (27%), in-store demonstration (25%), sales person's recommendation (15%), friend/family recommendation (15%). Primary reasons for buying particular brand: Price (39%), had brand before (16%), set's performance (14%), best/latest feature (11%). Components used with TV include VCR (cited by 43%), cable TV (38%), stereo system (9%), videogame (9%), camcorder (2%), satellite receiver (2%), personal computer (2%), laserdisc/CD Video player (1%). About 90% said they were completely satisfied with TV, 10% satisfied, none dissatisfied.

In big-screen TV, most popular sizes were 30-34" (44%), followed by 40-44" (20%), 35-39" (15%), 45-49" (14%), 50"-&-over (7%). Average price of big-screen set was \$1,920. More than 1/3 (38%) of consumers who bought large TVs purchased extended warranties, at median price of \$85. One-piece rear-projection set was most common type bought (42%), followed by picture tube-type (32%), 2-piece front-projection (18%). Features cited in big-screen sets: Remote control (97%), full cable capability (95%), audio/video jacks (92%), picture brightness (92%), S-VHS input (91%), stereo (90%), on-screen display tuning (89%), universal remote (63%), PIP (46%).

Most frequent VCR deck uses mentioned were playing prerecorded videotapes (50%), recording cable programs (27%), recording broadcast TV (20%). Deck features most often cited: Remote control (97%), cable capability (90%), audio/video jacks (86%), freeze frame/slow motion (84%), barcode programmable (74%), on-screen display tuning (73%), 4-head tuning (73%), hi-fi (68%), stereo reception (65%), digital special effects (62%), Dolby/linear (57%).

VCR deck had median price of \$304. As with color set, most popular month to buy was Dec. (27%). Extended warranties were purchased by 22% of deck buyers, for average \$62. Primary reasons cited for buying deck: Didn't already own one (38%), previous VCR broke (11%), VCR on sale (14%), received as gift (10%), wanted more/latest features (9%), needed additional VCR (8%). Brand reputation was cited as very important influence in buying deck by 36% of consumers. Other influences: In-store demonstration (27%), sales person's recommendation (23%), friend/family recommendation (20%), owned brand previously (17%). Mail order VCR deck purchases were made by 5% of buyers. Nearly 90% were completely satisfied with purchase, 10% were satisfied. Median number of decks in use per household was one.

Full-size VHS was most popular camcorder format purchased (63%), survey found. Next was 8mm at 12%, VHS-C 11%, Super VHS-C 7%, Super Beta 5%, regular Beta 1%. About 1/3 of respondents who bought camcorder weren't aware of compact sizes. Of those who didn't buy smaller size, 23% said product wouldn't work with their VCR, 21% said smaller camcorders were too expensive. Median price of camcorder purchased was \$1,053. Camcorder purchasers visited average 1.7 stores before buying product. About 71% had household income of \$50,000 or more.

Primary reasons for buying camcorder: Recording children/family (47%), didn't have camcorder (21%), use at special event (12%), on sale (8%). Survey showed that consumers generally take longer to decide which camcorder to buy compared with other consumer electronics products, with 38% taking at least 2 months. Most were completely satisfied with camcorder purchase (91%), 8% were satisfied, 1% weren't satisfied. Most common camcorder features: Ability to view recorded picture immediately (96%), power zoom (95%), playback from camcorder to TV (95%), low-light recording capability (93%), high-speed shutter (88%), compact size and weight (86%), solid state imager (78%), flying erase head (71%).

Copies of report are available from EIA Marketing Services Dept. for \$1,000, individual product sections for \$300 each. Details: EIA, 1722 Eye St. NW, Suite 300, Washington, D.C. 20006 (202-457-4955).

CSG Imagesoft, L.A.-based division of CBS/Sony Group, entered U.S. videogame software market with introduction of its first title for Nintendo Entertainment System. Videogame, Super Dodge Ball, has been available in Japan for 2 years and has sold more than 500,000 copies. Imagesoft Exec. Vp-Gen. Mgr. Hiroaki Ishikawa said company "plans to achieve prominence in the videogame industry through aggressive software acquisition and development, backed by comprehensive marketing and promotion." Company, one of 45 Nintendo licensees, expects to introduce up to 5 games annually. It also will produce software for Nintendo's Gameboy portable videogame system, introduced at Summer Consumer Electronics Show last June.

Monochrome TV sales to dealers fell 42.7% to 77,948 in July, EIA said. In first 30 weeks of year, monochrome TV sales dropped 41.6% to 808,207.

Amstrad has expanded U.S. retail distribution of its personal computers and other home office products. It recently signed Sears and Wal-Mart to carry products.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 146 yen = \$1, except where noted.

EMERSON'S GROWTH STRATEGY: Emerson will broaden consumer electronics product line to include larger screen TV, combination TV/VCR, camcorders and consumer facsimile machine, Pres. Stephen Lane said at annual shareholders meeting in N.Y. last week. Company also plans to expand computer business and European sales.

Emerson will add 13" combination TV/VCR and 30" color TV to TV lineup, will introduce camcorder when it can deliver product at "right price" -- \$495-\$595, Lane said. He said 30" set will be made at Ind. plant, but gave no introduction dates for TVs.

Emerson also will enter fast-growing consumer fax market at undisclosed date, with first product at \$495. "[Fax] market may have a dramatic impact on our future sales," Lane said. He said company has been looking at fax for last year, is waiting for prices to drop to level attractive to public: "At \$495, we can sell a hell of a lot of them."

He said computers and monitors also will become major business for Emerson, which will continue policy of designing and marketing products made by other firms through OEM arrangements. Emerson is "proceeding very carefully and slowly" into computer business, Lane said. "TV and computer technology will come together in the 1990s, and we intend to be there," he said. Company expects to increase share of home appliance market, currently about 8% after 3 years in that business. Lane said Emerson will expand European operations and is considering "potential acquisitions," but didn't elaborate.

Lane said Emerson has made "dramatic turnaround" in operations in fiscal 1989, reflecting overall improvements in consumer electronics industry. Business should remain "good for the balance of the year. Spot shortages exist [for some products], but we're very optimistic about the future," he said.

Emerson spends about \$25 million annually on advertising, Lane said, with most ads aimed at "middle American" audience. Its products appear in some 10 million catalogs. TVs and VCRs will remain Emerson's largest business for time being. It sells more than million TVs and million VCRs annually, Lane said. It has 5 production facilities in U.S., including own plant in Ind. Others are leased.

Strategy of selling products made by others allows Emerson to better handle problems such as Korean labor troubles and currency-exchange rate fluctuations, by moving production to different countries, Lane said. "That flexibility has worked wonders for us," he said, allowing Emerson to be more successful in last 5 years than other major U.S. consumer electronics firm, Zenith, which makes its own products.

N.Y. prices are higher than Tokyo's for some consumer electronics products, according to Japanese Ministry of International Trade & Industry (MITI). Based on late-Aug. survey of 8 consumer products, prices at N.Y. discount shops were 45% higher for VCRs, 34% higher for Compact Disc players. VCR cost about \$542 in Tokyo, based on 144 yen-to-dollar exchange rate, while same product in N.Y. was \$814.

Japan's Ministry of Posts & Telegraph denied published report there it has decided to support 1,080-scanning-line format for HDTV. Spokesman said there's no consensus yet in Ministry.

SEC SUES 'CRAZY EDDIE': SEC in civil suit charged Crazy Eddie founder and former chmn.-pres. Eddie Antar with insider trading and accused him of orchestrating "massive financial fraud" to overstate retailer's earnings during 3 years through 1987.

In case filed in U.S. Dist. Court, Newark, naming Antar and former Crazy Eddie officials Mitchell Antar, Sam Antar, David Panoff, Isaac Kairey, Edward Gindi and Kathleen Morin, SEC said Eddie Antar falsified inventory and profit figures to raise stock price artificially before selling off shares to make profit. SEC said Antar sold 5.6 million shares in 3 years through 1987.

Suit, culmination of 2-year investigation by SEC, said Antar overstated Crazy Eddie pretax earnings by \$20.6 million in year ended Feb. 1987, \$6.7 million in fiscal 1986, \$2 million in fiscal 1985. Antar, through his attorney, denied SEC allegations.

Crazy Eddie in June filed for protection from creditors under Chapter 11 bankruptcy. Consumer electronics retailer has closed many retail outlets in N.Y. area since beginning of year because of declining sales and depleted working capital (TVD April 3 p13).

Polygram-Philips Du Pont Optical processing plant in U.K. has produced 12" Compact Disc-Video in PAL format that uses European teletext system to provide viewers with choice of subtitles in 3 languages. Sample disc of opera Magic Flute is in German and offers choice of English, French and Italian subtitles. Object is "to show the software industry what can be done with teletext subtitling," Polygram said. Text is recorded on disc as standard teletext pages. Optical videodisc has bandwidth necessary to capture high-frequency teletext digital code signals recorded in frame blanking period. When disc is replayed through conventional teletext TV set, viewer selects appropriate language page and superimposes text over action -- as with broadcast teletext. BBC was first to prove feasibility of system in early 1980s with Laservision videodisc, The Book of Birds. Interestingly, teletext discs won't work on Philips CD-Video 475 PAL Combi player, which contains circuits that strip out any teletext signal recorded on disc.

Ads & Promotions: Fuji Magnetic Products Div. offers Enigma Entertainment "music sampler" Compact Disc or audiocassette with purchase of FR-IIx 90 and FR-IIx Pro 90 audiocassettes. Other promotion offers Fuji/Enigma T-shirt with DR-I, DR-II and FR-IIx 90 cassettes... Sharp promotion through Oct. 31 offers public 2 TDK AR-60 normal-bias audiocassettes with purchase of any of 7 Sharp portable music systems using Twinbeam dual-cassette mechanism... NEC sponsors \$100,000 World Cycling Invitational Oct. 6-8 at Olympic Velodrome, L.A.... CBS/K mart TV/radio promotion for new CBS program schedule offers \$25 million in prizes, including 600 RCA 26" stereo color TVs, 1,000 RCA VCRs, 1,000 Sharp 19" portable color TVs, 3,600 Casio 4" color LCD TVs.

Seiko Epson will triple production of thin-film transistor (TFT) LCD panels by mid-1990 by expanding LCD manufacturing facility in Japan. Company currently is making TFT-format LCD panels mainly for 0.9" viewfinder, plans to develop new equipment with built-in LCD panel.

Hitachi will build laptop personal computers in U.S. and Europe to increase market share in those areas. Company hasn't determined whether to make PCs in existing factories here or build new plants specifically for computers.

Consumer Electronics Personals

Marino Andriani rejoins Emerson as sales and mktg. senior vp after one-year leave of absence to pursue personal business opportunities; Sharon Fenster, ad mgr., named Emerson ad and PR dir., new position. Reelected to Emerson board: William Lane, chmn.; Stephen Lane, pres.; Donald Dvorkin, vice chmn.; Jay Haft, Walter Mondale, Lyle Gramley... Changes at Hitachi Sales Corp. America: Matthew Clark corp. counsel, adds administration vp; Peter Kendall, mgr., human resources and facilities, promoted to dir.

Michael Piehl, ex-NEC, appointed mktg. mgr., Compact Disc players, Philips Consumer Electronics, responsible for Magnavox and Sylvania CD brands... Changes at Parsec: Pres. Bruce Maier resigns to pursue outside business interests, will continue as consultant for new product development; John Thoroughgood, managing dir., and William Hendrix, vp, will share Parsec management responsibilities.

Steven Rauschkolb named sales training dir., Ricoh Office Products Business... William Johnson, ex-Hewlett-Packard, joins Toshiba Computer Systems Div. as vp-gen. mgr... William Weisz retires from Motorola board, continues as vice chmn... Dennis Nymeyer, senior dist. sales mgr., named JVC Professional Products west coast regional mgr... Orlando Gallegos resigns as Samsung Semiconductor vp in reorganization; Michael Furman, ex-Philips Signetics, joins as distribution sales dir... Robert Donnelly, business units dir., Micron Technology, named business unit vp.

Mel Layton, ex-Vidmark Entertainment, joins Republic Pictures as acquisitions and development vp, succeeding Sydney Levine, resigned... Wyman Dunford, engineering systems vp, Technicolor Videocassette, promoted to senior vp-worldwide mfg... David Bixler, ex-Vidmark Entertainment, named acquisitions vp, Media Home Entertainment... Andrew Greenberg, vp, Goodtimes Home Video/Kids Klassics, promoted to senior vp, licensing and acquisitions.

JAPAN TV PRODUCTION UP: Japanese manufacturers boosted production of color TV sets in July, although overall shipments declined in month mainly because of drop in worldwide exports (see separate report in this issue), according to Ministry of International Trade & Industry (MITI) and EIAJ data.

Color TV production was up 1.2% to 1,658,000 in July, but shipments were down 4.7% to 979,000, MITI reported. Domestic shipments rose 6.6% to 812,000, EIAJ said. In first 7 months of 1989, color TV output fell 0.8% to 7,332,791 and total shipments 0.7% to 7,027,043. Shipments in Japan dropped 0.2% to 5,261,000.

Production of VCR decks increased 7.3% to 2,618,000 in July, as total shipments rose 3.7% to 2,393,000. Japan shipments fell 2% to 551,000. Cumulative deck production was up 6.6% to 16,750,857, shipments up 7% to 15,922,694. Japan sales declined 7.1% to 3,703,000.

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"My First Sony" lineup of electronics targeted to children (TVD Sept 14/87 p15) will grow to 17 products following introductions in Japan this month and next. Nine new products are planned, including personal cassette player (about \$55), AM-FM radio (\$47), portable b&w flat TV (\$125).

1989 ELECTRONICS LEADERS: For 2nd straight year, Zenith and Tandy were only 2 U.S. companies with major consumer electronics interests to be ranked in Electronic News' annual list of top 50 firms, based on estimated electronics sales volume for most recently reported 4 quarters. IBM, easily largest U.S. electronics company, became first to surpass \$50 billion in electronics sales.

Tandy fell back one place from last year's ranking (TVD Sept 5/88 p15), to 17th place with \$4.1 billion in electronic sales, up 7.9% from \$3.8 billion last year. Zenith moved up to 24th from 25th with \$2.87 billion, up 17.6% from \$2.44 billion. North American Philips' sales were included with Dutch Philips' total so it wasn't on list.

Top 10 companies in electronics sales in 1989: IBM \$50.4 billion, GM \$16.02 billion, GE \$13.4 billion, Digital Equipment \$12.7 billion, Xerox \$11.7 billion, AT&T \$11.1 billion, Hewlett-Packard, \$10.8 billion, Unisys \$9.9 billion, Motorola \$8.8 billion, Texas Instruments \$6.2 billion. Others in top 50: Apple Computer (14) \$5.1 billion, Westinghouse (16) \$4.2 billion, Intel (21) \$3 billion, GTE (27) \$2.6 billion, National Semiconductor (37) \$1.65 billion.

List of top foreign electronics companies has Matsushita at top for 2nd straight year, with \$40.5 billion, up 14.2% from year ago. Others foreign top 10: NEC \$24.9 billion, Hitachi \$20.9 billion, Philips \$20.3 billion, Fujitsu \$18.1 billion, Toshiba \$17.3 billion, Siemens \$15.2 billion, CGE \$14.4 billion, Alcatel \$12 billion, GE plc \$7.8 billion. Others: Sharp (11) \$7.1 billion, Mitsubishi (13) \$5.8 billion, Thomson-CSF (14) \$5.6 billion, Oki Electric (24) \$2.1 billion, Thorn EMI (25) \$1.2 billion.

SHARP'S 100" PROJECTOR: Sharp formally introduced 100" LCD projection display system that was shown at Consumer Electronics Show in June (TVD June 12 p10), at N.Y. news conference.

SharpVision large-screen TV, at \$5,200 including screen, uses single-beam LCD projection system to create image up to 100". It has 268,515 pixels in each of three 3" active matrix LCDs, S-VHS input, variable zoom lens. Shipments to major department, appliance and electronics stores will begin this month. Sharp expects to sell 10,000 in first year.

Sharp will promote unit with SharpVision Mobile Theatre, 20-seat exhibit that will travel 10,000 miles showing movie clips, sporting events, videogames. Company also plans \$10 million ad campaign for product, National Mktg. Mgr. Steven Search said.

Thomson Consumer Electronics said it was awarded judgment in excess of \$1 million plus interest in suit against former RCA distributor McDonald Sales. Thomson had sued in Nov. 1988 in U.S. Dist. Court, New Orleans, alleging McDonald Sales had failed to pay for consumer electronics merchandise supplied by Thomson (TVD Sept 4 p14). Thomson terminated New Orleans-based McDonald as RCA distributor in 1988. McDonald has \$10 million countersuit pending against Thomson, charging price-fixing arrangements with buying groups, discriminatory pricing, breach of contract. Suit is in discovery stage and is expected to go to trial in La. state court later this year.

New Hi-band format electronic still-video system is available in Japan from Fuji. Product, at \$1,430, can record 10 sec. of audio on one track of video floppy disc, allows simultaneous reproduction of sound and picture. Still-video picture has horizontal resolution of 500 lines.

TELEVISION DIGEST®

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

SIKES TURNS UP HEAT: New FCC chmn. at House hearing criticizes cable industry, urges networks and Hollywood to continue finsyn talks. New era in FCC-Congress relations opened. (P. 1)

SPORTS TV SIPHONING HIT: Broadcasters plan joint effort to keep sports. Gore and Specter among supporters. Closed-door meeting is reaction to ESPN baseball deal, but other sports are likely to be affected. (P. 3)

COURT REMANDS INDECENCY: FCC to get 2nd crack at policy. Sikes calls for new version of NAB Code to voluntarily limit improper programming. (P. 4)

SENATE CUTS FCC BUDGET: Money saved would help fund battle against drugs. BIB, NTIA, USIA among agencies hit. Inouye program gets \$2.5 million. (P. 5)

PROGRAM ACCESS BILL UNLIKELY: Gorton tells Wireless Cable Assn. to focus on overall telecom package that could be passed in 'next year or so.' Financing main industry problem. (P. 6)

SPECTRUM RAIDS FEARED: NTIA study called potential threat to broadcast spectrum, but NTIA downplays spectrum allocation. Main goal said to be improving procedures. (P. 7)

RTNDA DEBATES FAIRNESS: Pres. 'won't rest' until broadcasters get freedom, but Hooks will fight to get doctrine reinstated. (P. 8)

SIKES PUSHES CABLE, BROADCASTERS, HOLLYWOOD TO WALL: FCC Chmn. Sikes used House Telecom Subcommittee authorization hearing last week to criticize cable industry and to push networks and Hollywood to complete talks on future of financial interest and syndication (finsyn) rules. Sikes also argued against policy favoring HDTV development over other emerging technologies. Statements came at what Subcommittee leaders hoped was final chapter in power struggle of recent years between FCC and Congress over deregulatory policies.

"New era" tone was set by Rep. Dingell (D-Mich.), chmn. of parent Commerce Committee. He stressed that he expects better FCC-Congress relations during Sikes regime, which would clear way for increased policy action. He and other lawmakers agreed that Sikes and other new commissioners Andrew Barrett and Sherrie Marshall have blank slate with Congress. "I cannot tell you how happy I am to see 3 new faces" at Commission, quipped Rep. Swift (D-Wash.).

Sikes responded candidly and precisely to questions about his positions on many issues, going on record as: (1) Not contemplating any immediate need for FCC to open proceeding on finsyn rules, believing that industry negotiations should continue. (2) Doubting that cable faces enough competition. (3) Expressing view

Consumer Electronics

FULL RCA AUDIO LINE planned by Thomson, says Consumer Electronics Chmn. Garein. VCRs for U.S. to be made by Thomson starting next year. (P. 11)

U.S. TV PRODUCTION UP 35.6% to record 3,875,000 in 2nd quarter, accounting for huge 64.1% of total color TV supply, up 26.1% to record 6,044,000. (P. 12)

SPECIAL HDTV PROGRAM vetoed by Commerce in favor of general technology thrust. Congress moves to overturn decision. TI in HDTV pact with Japan's NHK. (P. 13)

CHINA'S TV EXPORTS to U.S. up significantly in 1989 first half, but Mexico continues to dominate imports. (P. 15)

SONY PUSHES BIG-SCREEN TV in new 2-month promotion allowing consumers to buy 32" or larger set with no down payment and no interest for 180 days. (P. 15)

LAW AGAINST BLACK BOXES to defeat video anticopy coding sought by Macrovision, which says it also is talking with Philips on encoding laserdisks. (P. 16)

WHAT DAT DUMP?, Japanese dealers ask, disputing reports of price cutting to clear out products. Market seen too slow to be affected by news. (P. 16)

CONSUMER-ORIENTED COMPUTER introduced by Philips' Headstart will be sold through mass marketers. Coordination with Magnavox seen. (P. 17)

that it appeared unnecessary to extend current schedule for reimplementation of syndicated exclusivity (syndex) rules. (4) Opposing federal funding favoring HDTV development over other emerging technologies.

Sikes criticized cable industry, saying he believes there's "significant evidence of service and price problems" and of "inadequate competition." He saw need for Commission to reexamine cable "effective-competition" standard, saying that while he hasn't formed opinion yet, there's possibility "we are unwittingly dampening competition." He sees video gateways in near future, he said, and believes telcos should be permitted to provide video at least on common carrier basis. Comr. Quello agreed, but added caveat that he feared for preservation of free TV. Sikes also said he believes that fiber to home will be reality in near future, but wasn't ready to venture opinion yet on telcos as programmers. Chmn.'s statements tracked closely with positions he had taken as NTIA dir.

FCC is preparing to take comprehensive look at status of cable industry for mandatory report to Congress reviewing 1984 Cable Act implementation, Sikes reminded lawmakers. Review will touch on rates, competition and concentration, program access by alternative technologies and other issues, he said. He was confident agency would meet fall deadline. Sikes avoided position on efforts by alternative technologies to gain access to cable programming for TVRO, MDS and other distribution, but indicated he thought rural residents might be getting short end of stick generally with telecommunications services. Sikes alluded to "distribution distortions," promised to pursue policies that would ensure universal availability of services.

Chmn. turned up heat on networks and Hollywood to reach conclusion in finsyn talks, saying agency was unlikely to step in with proceeding advocated by some to get stalemated negotiations going. Sikes said govt. intervention was unnecessary at this time given "changed circumstances" of coming end in 1991 to consent decree restricting network investment in syndicated programming. "I believe the relevant parties should continue to meet," he said. "Hopefully, by stating that, that will help in encouraging good-faith negotiations." He added he hoped agreement would emerge that was "contemporary in nature." At issue is question of eliminating finsyn, with talks having dragged on for years. Markey said Subcommittee members agreed negotiations should continue.

FCC finsyn proceeding wasn't ruled out by Sikes, however, particularly if Commission were presented with industry-crafted resolution. "I would never say never," he said. He indicated it was unlikely agency would intervene to force talks -- it merely would monitor developments.

Sikes supported radio renewal reform legislation, with Comr. Marshall stressing need for quick action. They and Quello endorsed HR-1136, 2-step renewal reform bill offered by Rep. Rinaldo (R-N.J.) with industry support; Barrett withheld judgment, citing his newness to Commission and to issue. All 4 commissioners present -- Barrett, Marshall, Quello and Sikes -- agreed they wanted to hold en banc hearing on AM. They withheld immediate judgments on AM-FM improvement bill (HR-2714) Rinaldo has offered.

Chmn. stressed his goals for more efficient, productive yet "comfortable" FCC (TVD Aug 21 p1). "There is no good reason for the FCC, which subtends one of the highest-tech of the high-tech fields, itself to make use of antiquated dial telephones," he said in underscoring his plans to procure Touch-Tone for employes. He commended agency staff -- "they have much to be proud of" -- mentioning, among other factors, strengths of common carrier price cap policy. Sikes described himself as "adaptive regulator," saying he wouldn't adhere to straight deregulatory or regulatory agenda. However, he praised FCC's procompetitive policies as having yielded "unparalleled public benefits."

Hearing came day after Subcommittee Chmn. Markey (D-Mass.) introduced bill (HR-3265) that would reauthorize agency for FY 1990-1991 at budget levels below Commission request and without providing for some activities it had sought. However, budget scheme squares with proposal advancing in Senate, and aides said Subcommittee hasn't ruled out possibility of including other elements of FCC's request. Bill was introduced with support of Rinaldo, ranking Republican on Subcommittee, and Markey stressed his commitment to funding FCC adequately.

Bill would provide \$109.8 million for FCC in fiscal year that begins Oct. 1, \$117.8 million in FY 1991. Commission had requested more (TVD Feb 13 p5, Jan 16 p1); 2nd year of Markey proposal was \$3.7 million below sum agency sought. Also not in bill: (1) Proposals to strengthen laws prohibiting interference with radio communications and to streamline license procedures for amateur radio. (2) Travel reimbursements. (3) Penalties for use of pagers and cellular phones by drug pushers.

Subcommittee hopes to mark up FCC bill by end of month, along with NTIA's budget authorization for FY 1990, aides said. NTIA's new dir., Janice Obuchowski, is scheduled to appear before Subcommittee Sept. 21, 9:30 a.m., Rayburn Bldg., room to be announced.

BROADCASTERS TRY TO BLOCK SPORTS MOVE TO CABLE: Broadcasters will mount campaign to break ESPN's exclusive hold on 175 Major League Baseball (MLB) games beginning in 1990, they said after closed-door meetings in Washington last week. Group hopes to be able to negotiate settlement with MLB on coverage, but expects legislation will be needed to assure broadcast TV won't be closed out of other sports, officials said. Sens. Gore (D-Tenn.) and Specter (R-Pa.) met with group and promised to push for congressional relief, INTV Chmn. John Serrao said.

Cable drive to get sports rights from broadcasters is "Pearl Harbor" of cable's "drive to control the entire marketplace," Gore said in lunch speech to broadcasters. Gore said he will push to make sports issue major part of Senate hearings on cable: "There's no question that taking baseball off free TV and forcing people to pay a premium... is a potent issue, not to mention a major economic threat to the well-being of your stations." Colleges and professional teams share blame, Gore said, and "it is obviously tantalizing to the NFL to hear that, through pay-per-view, the league stands to make a half-billion dollars on the Super Bowl alone. Perhaps the NFL will know better -- politically -- than to ever make such a move." He was joined in concern last week by Rep. Tauke (R-Ia.), influential House Telecom Subcommittee member who said at FCC authorization hearing that he planned to turn up heat on matter in House.

Meeting included 24 of 26 broadcasters who hold rights to major league games. Turner Bctg. wasn't invited because company is partly owned by cable interests that benefit from ESPN deal. ESPN signed 4-year, \$400-million deal earlier this year for rights to carry 175 games per year beginning in 1990 (TVD Jan 9 p6). Contract effectively excludes local stations from carrying games when local teams are involved, but MLB officials claim there won't be fewer broadcast games, and in fact number has increased each of last 5 years. Broadcasters at meeting said their rights are less valuable because they have fewer games to choose from and they often will be blocked out of carrying games on prime Wed. and Sun. viewing nights.

Preston Padden, pres. of INTV, which hosted meeting, said there "almost certainly" won't be as many games broadcast in future. He cited recent N.Y. Yankees deal that gives cable exclusive right to all of team's games beginning in 1991. Broadcasters can acquire rights to some games from cable owner, Padden said, but that means there will be "only as many on free TV as cable allows."

First concern is baseball, but station officials said they see trend toward taking other sports off over-air broadcasts in favor of cable. Serrao called it "disturbing siphoning of sports from free, over-the-air television." They cited several examples involving college football, including deal in Gore's home state to make U. of Tenn. games available only on pay-per-view cable at up to \$25 per game. "Our most immediate concern is getting a change in the ESPN contract, and we think that's possible without legislation," Padden said. "But the longer term issue of keeping sports on free TV probably will require legislation."

Broadcasters are seeking ESPN contract modification based on National Football League model, said Ray Schonbak of Koplar Communications. That would allow ESPN to continue carrying games, but would give local broadcasters, and their networks, right to air games involving their teams. "I believe baseball will see the public relations and fan benefits of altering the agreement and eliminating the restrictions," Schonbak said.

ESPN paid for exclusive rights, broadcasters agreed, but they said it's "free to try to recoup" lost value if agreement is modified. Padden pointed out that broadcasters already had paid for rights to select among baseball games, and there was no payment to them for lost opportunities as result of ESPN contract. "The real wonder to me is that they thought that all of these guys with existing contracts would sit there while they take away some of the games they paid for," Padden said. Officials said broadcasters probably can't sue MLB because their local contracts give priority to league contracts.

Meeting was called only after broadcasters failed to convince MLB to change arrangement, said Kevin O'Brien of KTVU Oakland. MLB officials were invited to meeting, but weren't able to attend because of change of baseball commissioner and league meetings. Group said it expects to call another session in Oct. involving holders of rights to broadcast other sports.

Public policy consequences already are evident in cable's siphoning of major events, Padden said in speech earlier in week to Federal Communications Bar Assn. He cited NFL, MLB and college events: "Regional sports channels... will require events to fill their schedules. Their dual revenue streams [from subscriber fees and pay] will serve as an irresistible magnet for both professional and collegiate events."

Future of free TV is "number one public policy issue that underlies most, if not all, of today's mass media proceedings and debates," he said. "The ongoing satellite syndex proceeding at the FCC is a perfect

example of a relatively obscure regulatory proceeding with enormous consequences for the future of free television." Issue, he said, is whether signals from space must respect exclusive program rights of terrestrial stations. Future of free TV will be "strongly influenced by a number of cable issues," Padden said. "Fair competition is one thing. But increasingly we see cable operators utilizing their control of the distribution conduit to grant their program services an unfair advantage." As for effective competition, he said: "Today... there is virtual unanimity that the 3-signal standard is a joke... A prompt reevaluation of the effective competition standard is critical to the resolution of many other cable issues."

NEW NAB CODE URGED: Broadcasters should consider voluntary indecency standards, similar in form to defunct NAB Code, FCC Chmn. Sikes told NAB Radio '89 conference in New Orleans last week. Statement came day after U.S. Appeals Court, D.C., remanded broadcast indecency case to FCC for more hearings. Sikes said he would work with broadcasters to win Justice Dept. approval of "sound, voluntary programming standards" and he's confident standards can avoid DoJ objections to ad restrictions that contributed to demise of Code.

NAB Code set "quality floor," Sikes told radio executives. "One fear that I have about the current level of concern over a tiny minority of broadcast programming is that there will be an overreaction," he said. Govt. "rightly" leaves most programming decisions to broadcasters, but that should be "seen as an invitation to work among yourselves on standards." FCC wasn't merely responding to congressional pressure when it started 3 more indecency enforcement actions, Sikes said: "You really ought to first read the program material which we cited." However, he didn't discount pressure from Hill, saying Congress is "one of the very best mirrors of what concerns the American people."

Appeals Court in remand cited Supreme Court decision in June in Sable Communications case, which FCC said indicated indecent broadcasts might be banned if there's no less restrictive effective measure. Appeals Court said FCC should conduct "full and fair hearing" on issue of indecent broadcasts and ordered status reports every 90 days. Court-imposed stay on FCC regulations banning indecent programs remains in effect, it said.

Requirement for "full and fair hearing" is significant, and somewhat unusual, said Timothy Dyk, who represented Cap/ABC and CBS in case. Inserting phrase in court decision means FCC can't just use remand to build stronger case for indecency ban, he said. Order doesn't indicate what court thinks on overall indecency issue, Dyk said. He said broadcasters remain confident no information gathered by FCC will lead to approval of ban. Action for Children's TV (ACT) Pres. Peggy Charren called court decision "unfortunate" and "very sad for people who believe in free speech." Remand had been requested by FCC and Justice Dept. Commission said it will move quickly to gather data "relevant to a judicial determination of the validity of a total ban on broadcast indecency." Broadcasters had opposed remand, saying FCC shouldn't be given chance to bolster case for ban. They also said remand request came too late, argument court didn't comment on. Indecency ban and remand also were opposed by ACT, ACLU, Infinity Bestg., INTV, MPAA, NAB, all 3 networks, National Public Radio, Pacifica Foundation, PBS, Post-Newsweek Stations, Society of Professional Journalists.

NAB published new edition of EEO Handbook for broadcasters, including comprehensive guide to FCC and other govt. regulations. Book, written by Arent, Fox, Kintner, Plotkin & Kahn attorneys, is \$30 for NAB members, \$60 for nonmembers. Details: 800-368-5644.

SIKES ON TECHNOLOGY: U.S. must use its freedoms more competitively, and FCC "must be especially farsighted" in helping new technology develop and return U.S. to "global superiority in communications." That was message delivered Sept. 11 in St. Louis by Alfred Sikes at Columbia Institute Conference on High Technology and the Future of American Technology in his maiden speech as FCC chmn.

Sikes said U.S. freedoms don't always help American companies compete overseas: "We simply have to do a better job... making our overall regulatory environment more conducive to high-technology advances and innovation." U.S. debates new technologies while others market them, Sikes said, citing fiber optics and cellular radio -- with introduction of latter delayed "for about a dozen years" in U.S. because of proceedings before FCC.

Major problem is direct subsidization of high-tech developments by other govt., Sikes said. He said Japanese policies in communications satellites are "deliberately aimed at advancing the commercial interests of Japanese firms... We face a situation where our domestic equipment market is essentially wide open while, at the same time, several key markets overseas remain basically closed" to U.S. companies. Sikes said U.S. needs to look at other ways to expand competitiveness of American companies, such as making permanent tax credits for R&D and relaxing antitrust restrictions.

All 3 TV networks will cooperate to produce and televise animated film designed to discourage drug abuse by children under initiative by Academy of TV Arts & Sciences. Show probably will be aired in Feb. or March, will be simulcast on a Sat. morning by estimated 635 affiliates and is expected on more than 100 independents and foreign networks, including Canadian and Mexican. Program also will be offered to cable. Organizers said this would be first time all 3 networks will have simulcast entertainment program and first time major studios and producers will have allowed animated characters from many programs to be shown in single show. Project, largely funded by McDonald's, also will provide 250,000 free videocassettes to be distributed to schools and video retail outlets. Rental stores are to lend them free to anyone who rents regular cassette. McDonald's also will mount major in-store promotion campaign to encourage viewing and provide educational kits to teachers and parents. French-language version is planned, and it may be dubbed into other languages. Show will be aimed at children 5-11, age group that organizer John Agoglia of NBC said is rapidly becoming target of drug dealers.

Clarification: CATA wants to be exempt from syndicated exclusivity (syndex) surcharge when new syndex rules take effect, it told Copyright Royalty Tribunal (TVD Sept 11 p7). Broadcasters had claimed Tribunal can't even consider issue until syndex actually takes effect Jan. 1, but CATA said that would force cable industry to pay surcharge for months while appeal is heard, and true effective date of rules was May 5.

BUDGET VOLLEYBALL: FCC took hit in first budget volley as Senate leaders struggled Sept. 12 to come up with funding for President Bush's war against illicit drugs. Agency's proposed FY 1990 appropriation was reduced \$247,119 by Senate Commerce Appropriations Subcommittee. Also cut were proposed ceilings for Board for International Bctg. (BIB), NTIA, U.S. Information Agency (USIA). At same time, Subcommittee approved \$2.5 million for grants to fund Sen. Inouye's (D-Hawaii) children's TV program endowment.

Subcommittee action came against backdrop of increasingly complex partisan battle over control of funding for Administration's drug-fighting program. Subcommittee made only 0.225% across-board cuts in budget authority for every federal program in Commerce, Justice and State Depts. that was scheduled for appropriation by panel (HR-2991). In doing so, Subcommittee proposal met White House objectives for antidrug campaign but fell short of 0.525% across-board cuts that Committee Chmn. Byrd (D-W.Va.) had announced day earlier he wanted in all discretionary spending by Defense Dept. and other federal agencies to cover antidrug education and treatment programs, as well. Differences in proposals has sparked controversy, stalling action on appropriations package.

Subcommittee plan would lower FCC appropriation to \$109,583,880 for year that begins Oct. 1, still \$9,970,880 above current amount. FCC official said agency wasn't sure how it would implement cuts. At other agencies, proposed 0.225% reduction would mean:

(1) Cut of \$45,450 in NTIA's Public Telecommunications Facilities Program (PTFP), reducing grants to \$20,154,550. NTIA's budget also would be lowered \$31,950 to \$14,168,050. Subcommittee added to NTIA budget to provide for Inouye's endowment to support development of educational and informational TV shows for children. Inouye plan (S-797), which called for endowment of up to \$10 million yearly, had been approved by full Senate before Aug. recess. Panel voted \$2.49 million, including cut. It also funded Peacesat, special communications satellite for Pacific, at \$199,550, just below current \$200,000.

(2) \$1,457,718 cut in USIA spending, reducing budget to \$646,417,281. Action would mean spending for Worldnet and other components of USIA's TV & Film Div. budget would fall to \$30,930,250. New transmitter slated for Israel would be funded at \$183,087,125 while Voice of America budget would be \$170,838,746 -- up some from current level. Impact on TV Marti was unclear -- it had been due to get \$16 million. Radio Marti also was cut to below \$13 million. There's also \$20,798,098 to continue modernization of transmitter in Maxoquiera, Portugal. (3) \$194,561,250 for BIB, which runs Radio Free Europe and Radio Liberty. Most of appropriations are higher than levels expected to emerge in House, where actions on FCC and NTIA have been delayed because requisite authorizations haven't been passed.

Draft report to accompany Senate package also: (1) Contains strong language supporting children's TV grants, arguing that quality programming provided would reach underprivileged children who don't watch public TV. (2) Discusses need for Peacesat. (3) Restates Senate's prohibitions against changes in FCC's minority and women's preference and other broadcast ownership policies and in cross-ownership policies, and ban on UHF-VHF station swaps. Senators also give hint of inclinations on HDTV, saying in report: "A proper consumer-oriented approach to high-definition television could open up enormous

opportunities for commercial and consumer applications of high-resolution video systems."

Sen. Lautenberg (D-N.J.) is prepared to offer amendment in full Committee to require broad FCC report to Congress on impact of leveraged buyouts, debt and mergers generally on mass media and common carrier industries. Aides said proposal is seen by influential Committee members as "reasonable" request to Commission and likely to pass.

ATC Rochester is upgrading local origination cable channel to compete more directly with local independent TV station, WUHF (Ch. 31), for ads and audience. ATC officials said that project isn't "prototype" for similar moves in other systems, but that there could be similar efforts elsewhere if Rochester action is successful. INTV Pres. Preston Padden called ATC move "everyone's worst vertical integration nightmare come true," but WUHF Vp-Gen. Mgr. Heather Farnsworth said she's not concerned at new competition. Station, which ATC calls WGRC-TV, has been carrying syndicated programming on cable Ch. 5 for years. Upgrade involves adding programming provided by Warner Cable, which has been merged with ATC parent Time, as well as shows from Blair Entertainment, Fox, MCA, Orion, Viacom, others. WGRC-TV shows will include Alf and Perfect Strangers, as well as local newscast, and ATC will bid for rights to major league and college sports. Company has about 60% penetration in Rochester ADI, with 171,000 subscribers, ATC said. Farnsworth confirmed that her station, only commercial independent in market, had opportunity to bid on WGRC-TV programming and turned it all down. "We don't see it as a major threat," Farnsworth told us. "They can only get into about half of the houses anyway, and with programming everybody else in town has turned down."

FCC Comr. Barrett told National Assn. of Black Owned Bctrs. (NABOB) meeting in Washington Sept. 14 that group "needs to be a force" before FCC and Congress. Barrett was first FCC member in about 5 years to address organization, NABOB officials said. In past, NABOB considered FCC as enemy on many issues, from distress sales to tax certificates. Barrett acknowledged he had much to learn about broadcasting, saying his expertise was in telecommunications and other utilities. He also said, however, that tax certificate policy has been best FCC policy for increasing number of minority-owned broadcast and cable policies: "But we can do better." Barrett said he would continue to support minority ownership policies and has talked with FCC Chmn. Sikes on minority issues. He praised Sikes as fair person and fellow entrepreneur in broadcasting, urging NABOB members to take their concerns to chmn. Barrett said he doesn't know other commissioners Quello and Marshall well.

FCC must strengthen ability of radio to compete in marketplace, FCC Chmn. Sikes told NAB's Radio '89 conference in New Orleans. Power boosts for AM, better measurement of interference potential and similar issues will be on agenda of Commission's Sept. 29 meeting, he said, and he will ask other commissioners to agree to full, en banc session with radio broadcasters. FCC also needs to do better and faster job of processing radio applications, Sikes said. He said flexibility and adaptability are among main strengths of radio, but can be undercut by "excessively protracted regulatory processes." He said "excessive" legal and other costs associated with regulation can be "crushing burden" for many stations.

PROGRAM ACCESS BILL SEEN: Legislation specifically to improve access to cable programming by groups such as wireless cable and satellite home dish industry probably won't be approved by Congress, Sen. Gorton (R-Wash.) said. He told Wireless Cable Assn. (WCA) conference in Arlington, Va., last week that program access probably will be part of overall package of telecommunications legislation that will include such issues as role of telephone companies and limits on cable monopolies.

Other speakers said cable industry is "best friend" of wireless cable, despite its reluctance to provide programming to wireless cable at competitive prices, and touted economic and business advantages of wireless cable over standard cable. ("Wireless cable" is termed being used by operators of multipoint distribution systems [MDS].)

Gorton, member of Senate Communications Subcommittee and co-sponsor of bill (S-1068) to increase cable competition and noncable interests' access to cable programming (TVD May 1 p11), said Congress is becoming tired of telco debate that has been going on 4-5 years, so it probably will approve package in "the next year or so." Wireless cable can be check on competitive abuses of standard cable, Gorton said. Competition is vital, and Congress "solved half of the equation" with 1984 Cable Act, he said, but "we haven't provided the American people with the opportunity to choose from more than one provider."

Positioning wireless cable as most viable alternative to provide competition to cable is key to legislative success, WCA Pres. Robert Schmidt said. He said criticism of cable provides "window of opportunity" for wireless cable, but telcos are mentioned most often as competitive alternative: "The burden is on us to prove that we are the most viable choice." Wireless cable needs access to programming to be able to compete effectively with coaxial cable, Gorton and others said. Metropolitan Cablevision CEO James Theroux said it's impossible for wireless cable to compete head-to-head with coaxial cable without HBO.

Despite programming problems, cable is giving unintentional boost to wireless cable by increasing rates and failing to deliver on programming and service promises, T.A. Communications partner Richard Churchill said. Disenchantment with cable has led to more favorable regulatory environment for wireless cable, said John Krediet, pres. of C.F. Capital, investment banking firm that has provided more than \$1 billion in mass media financing in last few years. Main wireless cable problem is lack of money, not lack of programming, Communications Equity Assoc. Chmn. Patrick Michaels said: "Instead of a legal defense fund, you should be spending on educating the financial community." Michaels said wireless cable still suffers from negative image of single-channel microwave distribution systems (MDS). Traditional cable lenders aren't interested in wireless cable, he said, because they either don't understand it or don't want to fund competitor to cable industry.

Omni Microwave Pres. Matthew Oristano, former owner of top-50 cable MSO, said it typically costs \$300-\$600 to acquire wireless cable subscriber, often less than 20% of cost of cable subscriber. As result, cable has to project major improvements in cash flow to get financing, while wireless cable, which can be built for \$400 per subscriber, can be justified on very conservative projections.

Greater Media will carry Mizlou's Sports News Network (SNN), giving new network access to 4th, 6th and 7th largest TV markets, SNN Senior Vp Craig Wilson said.

Cap/ABC, CBS and NBC have filed further protest against AT&T's proposed 572% increase in rates for TV switch operations (TSO), saying carrier's response (TVD Sept 4 p4) to their objection (TVD Aug 28 p5) "fails to address the most important substantive issues raised in our initial petition." Networks told FCC Sept. 13 that AT&T didn't respond to their complaints that telco had filed Sec. 214 petition to eliminate more than half of terrestrial TV service (TTS) locations, issue that networks said was "inextricably related" to TSO service because TSO is essential if customers are to use TTS. In past, networks said, TSO rate was set "at a relatively nominal level to recognize the value associated with the TSO function and to provide incidental revenues that contribute a very small portion of the overall station connection revenue requirement." Networks said some sites are in areas "where neither satellite nor alternative microwave facilities can be used feasibly." Proposed increase has been delayed for 10 days to Sept. 23.

Mass media transactions: Paramount agreed in principle to buy control of TVX Bst. Group for \$110 million, exercising options for Salomon Bros.' 79% stake. Paramount also is buying all TVX debt obligations held by Salomon. TVX owns 7 independent TV stations, including 2 (WNOL-TV Ch. 38 New Orleans and KRRT Ch. 35 Kerrville, Tex.) designated for sale, plus KTXH (Ch. 20) Houston, KTXA-TV (Ch. 21) Fort Worth, WDCA-TV (Ch. 20) Washington, WLFL-TV (Ch. 22) Raleigh/Durham, N.C. WTXF-TV (Ch. 29) Philadelphia... Heritage Media said it seeks majority of seats on POP Radio Corp. board because it owns majority of shares... Spectradyne transfer of control from SPI Holding to DP Acquisition was approved by FCC. Spectradyne, which delivers movies and TV programming by microwave to hotel rooms, also received waiver of FCC rules prohibiting transferring microwave stations before they're built.

CNN is adding 3 daily newscasts, including first direct competition for network evening newscasts. New hour-long World Today newscast will air at 6 p.m. eastern time beginning Oct. 16. Anchors haven't been named. CNN previously has counterprogrammed against network newscasts, but CNN Pres. Burt Reinhardt said "now that CNN is available in a majority of American homes and has achieved journalistic parity with the world's major news organizations, it's time for us to produce a world news program during a time slot in which millions of Americans have become used to watching the news." Timing is important, Reinhardt said, because 71% of viewers watch evening national newscasts at 6:30. CNN also will launch hour-long noon newscast called Newshour Oct. 2 and hour-long international newscast at 10 a.m. eastern time Oct. 9.

Public Telecommunications Facilities Program (PTFP) administered by NTIA has awarded FY 1989 grants totaling \$21.2 million to 85 TV and 52 radio projects. Total combined federal and nonfederal cost of projects is \$37.2 million. Largest amount is \$996,000 to E. Tenn. Public Communications to activate Ch. 15 station in Knoxville that PTFP said would provide nearly one million residents with their first Grade A public TV signal.

Children's Literacy Initiative is co-sponsor of what it calls first all-children syndicated radio network, delivered to AM stations by satellite. Children's Radio Network will provide 13 hours of programming per day for youngsters 2-11 years old, including music, Story Hour, interview show, radio theater musical plays. Co-sponsor Ragan Henry, owner of Philadelphia-based radio chain, said he expects network to be carried in at least 20 major radio markets.

SPECTRUM RAIDS FEARED: New NTIA spectrum study is potential threat to broadcast spectrum, NAB Vp-Science & Technology Michael Rau said, but Assn. remains confident industry's allocations won't be affected. NTIA is downplaying spectrum allocation section of study, described as one of primary initiatives of agency's new Dir. Janice Obuchowski, saying main goal is to improve procedures. Study could affect all spectrum users, including land mobile, satellites and citizens band, but Rau said broadcasters have most at stake because they use 47% of spectrum below 1 GHz.

Sweeping changes in technology prompted study, Obuchowski said. She called it first fundamental reexamination of spectrum policy objectives and issues since NTIA was formed in 1978. Actual notice of inquiry probably won't be issued until Oct., although NTIA announced it last month, Spectrum Policy Program Mgr. Fred Wentland said. Inquiry is intended only to gather information, but Wentland said it eventually probably will result in rulemakings or policy initiatives. Timetable hasn't been set.

Spectrum raids could result from NTIA study, Rau agreed, but he said NAB is "very confident we are using the spectrum very efficiently and others are not as efficient." Switch to wire probably will be discussed as part of inquiry, he said, but NAB "has a hard time believing" that will be outcome. Despite that, he promised NAB will take "very active role" in inquiry. Reallocating spectrum potentially is part of study, Wentland said, but it's more oriented toward policy and improvement of allocation process. Background paper on spectrum issues prepared by NTIA pointed out allocation is "time-consuming and often contentious process, lasting 2 or more years." It said jurisdictional sharing between NTIA and FCC makes process more complicated and can "possibly provide another obstacle to more efficient spectrum use."

Long-standing block allocation system for spectrum is likely to come under close scrutiny, officials said. Background paper said system of giving each type of service nationwide blocks of spectrum limits services and provides few incentives to move toward more spectrum-efficient technology. Blocks aren't utilized uniformly throughout country, paper said, citing fact that same amount of spectrum is set aside for forestry use in cities as in forests. Inquiry will look at new ways to allocate spectrum, including auctions, spectrum fees and letting market determine allocations, Wentland said. However, NTIA "is, and should be, sensitive to the interests of the large users," including broadcasters and land mobile, Wentland said: "There is a huge investment there and you can't just move it around."

Senate has provided funding to close-caption TV coverage of its floor proceedings for benefit of hearing-impaired viewers. Senate approved \$1 million in grants to be made available by Education Dept. to outside contractors. Legislators in June had rejected having service provided in-house as they voted to go ahead with closed-captioning. Funding, advocated by Sen. Harkin (D-Ia.), was included among appropriations for legislative branch for FY 1990. It still must be accepted by House, which voted earlier this year to provide closed-captioning of its televised proceedings, hasn't implemented plan.

Advanced TV Test Center (ATTC) has contracted with Communications Engineering Inc. (CEI) to build "state-of-the-art facility" to conduct tests on proposed high-definition TV (HDTV) systems. CEI also will provide consulting, engineering, turnkey design and lab to evaluate systems.

Battle over proposals to ban cigaret ads and other tobacco promotions continued Sept. 13 in testimony by outgoing U.S. Surgeon Gen. Everett Koop that curb represents "reasonable" compromise between status quo and prohibition on all tobacco use. Testifying before House Consumer Subcommittee, Koop called "much" of tobacco industry's advertising deceptive: "Many ads portray smoking as a safe, if not healthful, activity, and no ads disclose many of the serious and extensive health effects of smoking, such as stroke and nicotine addiction." He cited "Alive with Pleasure" campaign of one cigaret brand, saying slogan should be "Dying in Agony." He also objected to use of cigarettes in movies. "When these movies are shown on television, the ban on broadcast cigaret advertising is circumvented," Koop said. His view was supported at hearing by American Public Health Assn. and opposed by Tobacco Institute. Subcommittee is considering proposals to curb tobacco promotions, including controversial HR-1250 by Chmn. Luken (D-O.) that's opposed by ad industry.

One of 6 test high schools for Whittle
Communications' controversial ad-supported Educational Network won't sign up for service next year as result of decision by Cincinnati Board of Education. Board rejected continuation of service at Withrow High School out of concern that programming, which includes ad-supported news show Channel One, would have "captive" student viewership. Board-facilitated study also found no significant difference in information retained by Withrow students compared with those at similarly situated nonparticipating high school, we're told. WCET Cincinnati is working with Withrow to examine alternate uses for \$50,000 in video equipment provided by Whittle for test. Whittle recently began marketing Educational Network and said it hopes to have 1,000 schools committed by planned March launch.

Cable groups deny enough equipment will be available to operators to comply with syndicated exclusivity (syndex) rules if they take effect Jan. 1. In response to broadcasters' brief in U.S. Appeals Court, D.C., (TVD Sept 4 p3) contending there would be enough switchers to delete blacked-out programming, United Video, CATA and others submitted affidavits by leading equipment manufacturer, Monroe Electronics, saying supply is "clearly insufficient" and there will be delay of 8-12 weeks, even if old-technology equipment is ordered. Cable groups also cited "absurdity" of assuming cable systems would buy lower cost manual switchers because of expense of adding personnel 24 hours a day.

TV advertising was up 7% in 2nd quarter, 3.2% in 1989 first half, TV Bureau of Advertising (TbA) reported. Advertisers spent \$5.35 billion on TV in quarter, vs. \$5 billion year-earlier, with networks up 5.8% to \$2.41 billion, national spot up 4% to \$1.33 billion, local spot up 6.9% to \$1.31 billion, national syndication up 36.7% to \$304.6 million. For first 6 months, network billings were down 1.2% (without Winter Olympics), national spot up 3.4%, local 6.3%, national syndication 34.3%. By network, NBC billed \$867.8 million for 2nd quarter, \$1.8 billion for half; CBS \$732.6 million and \$1.44 billion; ABC \$666.6 million and \$1.41 billion.

Former NCTA pres. David Foster reenters cable via programming. He's 1/3 owner of Royal Oak Productions, which has just signed letter of intent with Nostalgia Channel to produce 4 one-hour specials -- Art Linkletter and Friends. Linkletter and his long-time associate Charles Fagan also are 1/3 owners in Royal Oak. Production of series is expected to start in 30-45 days, at senior citizen retirement locations in Ariz., Cal., Fla., Tex., etc.

RTNDA DEBATES FAIRNESS: Impromptu debate on fairness doctrine broke out at opening session of RTNDA meeting last week in Kansas City. Said new RTNDA Pres. David Bartlett: "We will not rest until radio and television journalists enjoy the same First Amendment rights as our colleagues in print." Counterred NAACP Exec. Dir. Benjamin Hooks, speaking immediately after Bartlett: "I am unequivocally in favor of the fairness doctrine... I am fighting like hell to get it reinstated."

Bartlett said RTNDA now spends 20% of its legal expenses on matters related to doctrine. Efforts to reinstitute it are "an attempt at government control of news," Bartlett said, "something which has no place in a free society." Hooks, former FCC member, praised media and coverage of civil rights movement in 1960s, but said: "The press can be more of a tyrant than the government." Hooks said media must do better job of telling story of country's problems with drugs.

RTNDA adopted resolution by voice vote (with one audible vote against) condemning fairness doctrine.

RTNDA Treas. Lou Prato and Bartlett painted dim picture of Assn.'s financial situation. Prato said it has been necessary to cut back original \$1.85 million budget for current year because of revenue shortfalls and unexpected expenses. Income from membership, advertising and exhibitors at convention all are below expectations, Prato said, but "the outlook for 1990 and beyond is encouraging" and RTNDA priorities are being refocused. Bartlett said board has been asked to approve "a variety of budget cuts" to bring expenses into line. Outgoing Chmn. Robert Priddy ignored Assn.'s financial problems, saying: "The stage is set for a more efficient, dynamic and aggressive RTNDA." Thomas Bier, news dir. of WISC-TV Madison, Wis., was to replace Priddy as RTNDA chmn. at closing convention banquet Sat. night, during which Turner Bcstg. Chmn. Ted Turner was to receive RTNDA's prestigious Paul White Award.

Despite financial difficulties, Bartlett (who succeeded Ernie Schultz as RTNDA pres. 2 months ago) said he's determined to increase "visibility" of Assn. "to make sure our voice is heard loud and clear." He said membership "has been essentially flat for more than a year and turnover is higher than we would like." He said Assn. is going after new members in cable, independent TV stations, radio. RTNDA's campaign to encourage employment of minorities in newsrooms (started by Schultz 2 years ago) is beginning to show results, Bartlett said.

Just as in 1987, RTNDA convention this year conflicted with NAB's radio programming conference in New Orleans. RTNDA believes that has cut down somewhat on attendance, quite a bit on sale of exhibit space, of which programmers and manufacturers are taking up 120,000 sq. ft. When conflict arose previously, NAB promised it wouldn't happen again. NAB officials said Radio '89 had been scheduled years in advance, since its inception has been within 2 weeks after Labor Day to avoid sweeps periods and was listed on calendar all media groups keep to avoid such conflicts. Spokeswoman called conflict "unfortunate," but said NAB doubts it has had much impact on attendance because NAB attracts owners and managers and RTNDA draws news directors.

Asked if NAB New Orleans conference had hurt, RTNDA Exhibit Dir. Edward Barker said: "Yeah, about 40,000 bucks worth... It hurt us financially, no doubt about it." Many exhibitors are showing at both conventions, but

several smaller companies that normally would be at RTNDA opted to show only in New Orleans, Barker said. Attendance, too, apparently has been hurt at this year's RTNDA by NAB's program conference. Registration at noon Sept. 15 (halfway through convention) was 1,439.

Tenold (Rob) Sunde, ABC Information Network, was chosen RTNDA chmn.-elect on 157-37 vote over Jeffrey Marks, Me. Bestg. System. Prato was reelected treas. for 4th term.

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Cable industry is vulnerable to legislative attack from Congress, Rep. Boucher (D-Va.) told telephone industry seminar last week. Boucher, member of House Telecom Subcommittee, reported growing sentiment on Capitol Hill to curb cable excesses, notably rising rates, and to force improvement in services, possibly through competition from telephone industry. He admitted massive rewrite of 1984 Cable Act appeared unlikely soon. But he said he's convinced way should be cleared for telcos to provide video without regulatory strings. Boucher saw removal of disincentives to telco-cable as likely to promote spurt in stringing fiber to home, which would hasten universal information service in U.S. He has offered bill (HR-2437) that would allow telcos to compete with cable in video services that has 32 co-sponsors.

Time Warner has consolidated cable holdings of ATC and Warner Cable under single umbrella, Time Warner Cable Group. Time officials said no major staff cutbacks are expected. Cable Group will be headed by Chmn. Joseph Collins, who continues as chmn. of ATC. Those reporting to him will include ATC Pres. James Doolittle, Warner Cable CEO James Gray, former Time Controller Tommy Harris, who is named vp-finance. Richard Aurelio, who headed Warner's N.Y. cable operations, will lead N.Y. operations of both ATC and Warner. John Gault, head of ATC's N.Y. cable systems, will have responsibility for operating divisions in N.C., Honolulu, San Diego, Memphis. Time Warner earlier consolidated book operations of each.

Heritage Cablevision is first to sign on to install Twixtel's interactive cable TV/telephone service at rental condominiums, time share units and resort hotels within its service area, officials of companies said. Service allows immediate ordering of premium cable services and pay-per-view, as well as long distance and local telephone service, with cost to be billed to user's credit card. It also provides hotel-type amenities such as information on local entertainment, medical and information services, wake-up calls. Service is authorized through existing facilities of local cable operator, and Twixtel expects it eventually to be extended to urban hotels, hospitals, college campuses, military installations.

Sonia Landau has resigned as dir. of State Dept.'s Bureau of International Communications and Information Policy. In statement released Sept. 11 by Dept., she said: "The time is right for me to move on soon to new things." Former member of CPB board, Landau has served for year in State Dept. She will leave when successor is confirmed by Senate and takes office. No successor has been named; front-runner is Bradley Holmes, ex-chief of FCC Mass Media Bureau's policy office.

FCC released study on electromagnetic fields around AM stations. Study by Office of Engineering & Technology is intended to provide information on distance from broadcast towers necessary for safety. Details: 202-632-7045.

MINORITY POLICIES PUSHED: Senate Communications Subcommittee will advance legislation to maintain minority and women's ownership policies at FCC, Chmn. Inouye (D-Hawaii) said at hearing Sept. 15. Bill would address policies on broadcast license preferences, distress sales and tax certificate, although its exact nature hasn't been decided, aides said. Inouye said he hopes to have draft in near future.

Inouye commitment signals willingness of Subcommittee to move squarely into debate on constitutionality of minority- and gender-based policies. He already has been player as member of Senate Commerce Appropriations Subcommittee, which last week again adopted FCC spending package maintaining Commission's controversial policies. Future of policies is in question because of recent conflicting court decisions affecting preferences and distress sales. In one case, distress sales policy was voided as unconstitutional, with court saying scheme wasn't tailored narrowly enough to remedy alleged past discrimination or clearly to promote program diversity. Minority preferences were upheld in 2nd case.

Inouye affirmed his strong commitment to keeping policies and expressed concern about allegations that policies were being abused by sham applicants and about whether existing minority owners were making enough of effort to hire women and minorities. He also questioned FCC proposal to expand use of lotteries but left unclear how he would keep or broaden policies. He was optimistic, however, that they could be affirmed, and not necessarily by legislation, saying his "personal priority" was improving relations with FCC to permit variety of issues to be handled collegially.

Minority and women's advocates at hearing endorsed maintaining, if not strengthening, policies. Sharing that view: Roy Huhndorf, chmn., Cook Inlet Region Inc.; Percy Sutton, chmn., Inner City Bestg.; James Winston, exec. dir.-gen. counsel, National Assn. of Black Owned Bestrs.; Patricia Niekamp, pres., American Women in Radio & TV; John Payton, attorney with Wilmer, Cutler & Pickering; Richard Ramirez, pres., Astroline Communications; William Kennard of law firm Verner, Liipfert, Bernhard, McPherson & Hand; 2 scholars. Taking opposite view was Alan Shurberg, plaintiff in Hartford distress sales case. He called for "color-blind mechanisms" to advance diversity of media ownership, saying FCC policy was itself discriminatory.

Sen. Burns (R-Mont.) noted that despite policies, minorities and women still are underrepresented in broadcast ownership and suggested need for improved policies at FCC. He urged task force or advisory committee at Commission to explore options. He also advocated deleting any policies that may work inadvertently against greater ownership diversity, suggesting reform of comparative license renewal should be top priority. Agency also should enforce equal employment rules more rigorously, he said.

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Electronic Industries Assn. (EIA) has become member of Advanced TV Test Center (ATTC), Consumer Electronics Group Vp Thomas Friel reported. Affiliation "completes the triangle of television broadcasting, cable and manufacturing," said ATTC Chmn. Joel Chaseman, chmn. of Post-Newsweek Stations. He said participation of EIA also will provide additional technical expertise. At same time, EIA said it will cooperate with NAB to promote quality of AM sound using National Radio System Committee (NRSC) standard receivers. Goal is to establish certification mark to be printed on faceplate of receivers using standard.

Cable financials: ATC has been placed on Fitch Alert and likely direction of credit status change has been moved from "evolving" to "down." Fitch continues to blame heavy debt burden from Time acquisition of Warner for downgrade... Financial News Network posted \$3 million profit in year ended June 30, down from \$4.7 million in 10-month period ended June 30, 1988 (last full fiscal year). Exec. Vp Steven Bolen said discontinuation of TelShop in favor of 24-hour financial news programming increased costs in most recent year... Science Fiction Channel named Shearson Lehman Hutton its investment banker... Skylink America had \$520,000 loss in first quarter ended July 31, compared with \$196,000 loss year ago, even though cable company's revenues more than doubled to \$1.4 million. TCA net profit grew 17% to \$2.7 million in 3rd quarter ended July 31, revenues 9% to \$19.2 million.

News media coverage of govt. ethics issues will be subject of hearing Sept. 20 by House Ethics Task Force. Bipartisan group wants to explore past coverage of Congress generally, as well as individual cases, such as ethics case against former House Speaker Wright (D-Tex.). Witnesses will include Tom Oliphant, Boston Globe columnist; Sara Fritz, L.A. Times congressional correspondent; Ron Elving, Congressional Quarterly political reporter; 3 scholars. Task force is co-chaired by Reps. Fazio (D-Cal.) and Martin (R-Ill.). It's struggling to come up with proposal to revamp House ethics rules to improve congressional standards, as well as public's perception of institution. Hearing is set for 9 a.m., Rm. 2247, Rayburn Bldg.

LIN Bestg. and BellSouth have agreed to merge cellular telephone operations into new publicly traded company, of which BellSouth will own 50% and LIN shareholders other 50%. LIN's 7 TV stations will be spun off into new subsidiary, giving its shareholders 2 classes of stock, with dividends tax free. BellSouth also will pay \$20 dividend for every investor's share of LIN stock. Announcement stunned Wall St. and telephone industry, especially McCaw Cellular Communications, which has been trying since June to acquire LIN for \$110 per share. McCaw had no comment on merger, but analysts said it might increase its offer for LIN.

Cable transactions: Mission Cable bought Cox Cable systems with 850 subscribers in Bagdad and Yarnell, Ariz., and Eagle Cable systems with 13,530 subscribers in Okla. and Tex. Mission also acquired Tri-Star Cable systems serving 11 Okla. communities, with Hardesty, Puckett as broker... Sun Country Cable sold franchise passing 4,200 homes in Clackamas County, Ore., to Cable Ariz. Corp... 21st Century Technology Group sold systems in Johnson County, Kan., to Jones.

Two new donations for mass media education: (1) Cable pioneer Burt Harris committed \$40,000 toward chair in cable communications at Penn State U. (2) Family and friends of late newscaster Jessica Savitch donated \$150,000 to U. of Pa. and to Savitch's alma mater, Ithaca College, to fund undergraduate journalism scholarships.

To save money, VOA is seeking arrangement with outside publisher to produce Voice magazine that it distributes to 150,000 key people overseas. Agency offers to let publisher keep ad and subscription revenue in return for producing and distributing publication.

Viacom will move to new hq at 1515 Broadway, N.Y., in mid-1990. Firm signed 20-year lease for 440,000 sq. ft.

Personals

Robert Branson, NAB asst. gen. counsel, joins staff of FCC Comr. Barrett as senior legal adviser; Delores Browder, FCC Office of Public Affairs, named Barrett's confidential asst... Bernard Gallagher, ex-vp-treas., Comcast, joins Century Communications as pres., succeeding Leonard Tow, who remains CEO... Michael Nathanson named pres.-worldwide production, Columbia Pictures Entertainment, new post... FCC calendar: Sept. 19: Comr. Barrett speaks at Ill. Cable TV Assn. meeting during "Great Lakes Cable Expo," Columbus, O., Hyatt Regency, 6:30 p.m. Sept. 20: Comr. Quello addresses Mich. Bar Assn. arts, communications, entertainment and sports section in Lansing on current broadcasting issues, Lansing Center, 10 a.m... House Commerce Committee Chmn. Dingell (D-Mich.) speaks at lunch of Federal Communications Bar Assn., Washington Marriott Hotel, Oct. 13... Jack Valenti, MPAA pres., keynotes 6th annual Ernst & Young entertainment symposium at Plaza Hotel, N.Y., Oct. 16

Promotions at Best. Investment Analysts/Frazier, Gross & Kadlec: Frank Higney to COO, William Redpath to vp-financial analysis, Peter Bowman to senior financial analyst... Michael Gorman promoted to senior vp-chief financial officer, ESPN... Henry Kissinger, former Secy. of State, joins CBS board; Jerry Ridling promoted to exec. dir.-station services, CBS Newsnet... Armando Nunez, ex-dir.-international TV and cable sales, Cap/ABC, named senior vp-distribution, International Best. Systems... Michael Weiss, ex-vp-business development, J2 Communications, joins American Video Assn. Sept. 18 as exec. vp-COO... Robert Cook named interim exec. dir., National Religious Bests., succeeding Ben Armstrong, who retired Sept. 1 after 23 years... Kenneth Towery, Tex. newspaper publisher, reelected CPB chmn.; Daniel Brenner, head of UCLA Law School's Communications Law Section, elected vice chmn., succeeding William Hanley, N.Y. businessman who remains on board.

Wayne Godwin, pres.-gen. mgr., WKNO-TV Memphis, joins WCET Cincinnati Jan. 1 in same capacity, succeeding Charles Vaughan, who will become exec. vice chmn... Margaret Sternthal, ex-Irving Trust, appointed mgr.-international TV sales, ABC Distribution... Mary Herne, mgr.-international sales, WQED International, named managing dir., startup sales cooperative Public TV International... Richard Kantor, ex-controller, Act III Bestg., named to same post at TV Stations Partners... Karolyn Lord promoted to N.Y. bureau chief, NBC News... John Weisman, ex-TV Guide Washington bureau chief, joins Annenberg Washington Program as senior fellow; his first project is study of role of communications in war on drugs.

David Smith appointed exec. vp, cable firm Osborn Entertainment... George Bodenheimer promoted to vp-affiliate sales and mktg.-eastern division, ESPN... Robert Gold, ex-mgr.-affiliate PR, HBO Inc., joins cable's Prime Ticket Network as vp-PR, new post... Additions at Comsat Systems Div.: John Schmuhl, ex-vp-gen. mgr., Tribune United Cable of Md., as vp-commercial mktg. and business development; John Gulick, owner of own PR firm, as dir.-mktg. communications... Additions at Turner Bestg. System: Eileen Murphy, ex-Cablevision, as mgr.-PR; Pat Weaver, ex-Mark Pucci Assoc., as PR mgr., TNT Network; Robin Yates, ex-WKX-FM St. Louis, as PR mgr., WTBS Atlanta... John Purcell, chmn., venture banking firm Grenadier Assoc., joins board of Playboy Enterprises.

Ronald Ritchie promoted to exec. vp-COO, Ampex, new post... Catel Telecommunications changes: Paul Daniel,

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ex-Digital RF Solutions, joins as chief financial officer; Ron Todd advanced to gen. mgr.-broadband transmission unit; Jim Caldwell promoted to dir., CATV telecommunications unit; Diane Hinte, ex-Standard Communications Satcom Div., named sales mgr., CATV unit... Barbara Koalkin promoted to vp-mktg., Digital F/X... Edward Kopakowski, ex-national sales mgr., NEC Home Electronics, joins C-COR in same capacity... Doug Light, ex-RMS Electronics, named southeast sales mgr., Jerrold... Michael Spitalnik, ex-Independent TV Sales, joins Arbitron as eastern div. mgr... Ami Witt, ex-Silverbach-Lazarus Group and Multimedia Entertainment, appointed central div. mgr.-domestic syndication, DLT Entertainment.

Patrick Fitzgerald moves Dec. 31 from dir.-TV learning services, WBGU-TV Bowling Green, O., to gen. mgr., succeeding Duane Tucker, retiring after more than 25 years... Pat Tinsley, founder of commercial distance learning firm TI-IN Network, joins development staff of Satellite Educational Resources Consortium, public TV-state education department distance learning venture... Marcel Labelle advanced to acting vp-communications, Canadian Bestg. Corp.

C-SPAN reaches more than half of all U.S. TV households, Chmn. Brian Lamb said. Latest figures show 46.6 million (51% of U.S. homes with TV sets), 4.1% increase since Jan. C-SPAN II reaches 18.3 million homes.

Consumer Electronics

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

STATE OF THE INDUSTRY

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

	AUG. 26- SEPT. 1	1988 WEEK	% CHANGE	AUG. 19-25	35 WEEKS 1989	35 WEEKS 1988	% CHANGE
TOTAL COLOR.....	607,044*	395,559	+53.5	511,948	13,829,374*	12,318,353	+12.3
DIRECT-VIEW...	598,156*	389,325	+53.6	506,177	13,695,312*	12,158,429	+12.6
PROJECTION....	8,888*	6,234	+42.6	5,771	134,062	159,924	-16.2
TOTAL VCR.....	381,335*	252,596	+51.0	309,894	6,769,808	7,084,064	-4.4
DECKS.....	302,039*	215,574	+40.1	243,718	5,519,847	5,963,589	-7.4
CAMCORDERS....	79,296*	37,022	+114.2	66,176	1,249,961*	1,120,475	+11.6

Color TV 5-week moving average: 1989--431,146*; 1988--388,978 (up 10.8%).

VCR deck 5-week moving average: 1989--214,996; 1988--184,184 (up 16.7%).

Camcorder 5-week moving average: 1989--47,019*; 1988--37,599 (up 25.1%).

* Record for period.

RCA--FULL AUDIO LINE, THOMSON-MADE VCR: Stressing strengths of Thomson as worldwide manufacturer rather than vendor of products made by others, top officials of Thomson Consumer Electronics are promising "full range" of RCA-brand audio products, VCRs made by parent Thomson in Singapore, projection TV built in RCA plants in Mexico and U.S., personal portable VCR-color TV combination possibly as early as next year. In camcorders, RCA will stick with full-size in U.S., with no plans for either 8mm or VHS-C.

Those are among statements by top Thomson Consumer Electronics (TCE) officials, headed by Chmn. Pierre Garcin, at Internationale Funkausstellung (audio-video fair) in Berlin. Among those giving Thomson's plans for U.S. market at 2 separate meetings were Video Group Exec. Vp Pierre Creau, Sales & Distribution Pres. Martin Holleran, TV Group Pres. Joseph Fogliano, Technology & Business Development Senior Vp Joseph Donahue, TV Americas Vp Joseph Clayton, Video Mktg. & Strategic Planning Gen. Mgr. Bruce Allan, Video Product Management Gen. Mgr. Rolf Schiering.

In his first meeting with American press, Garcin fielded questions with ease, displaying strong familiarity with U.S. market. Although there was some discussion of possible new brand names, Garcin said flatly: "We want to bring audio back to RCA and RCA back to audio, but we will do this very carefully... The strategy for the future is to make for RCA a full range of products, and for each kind of product RCA will be at the top of the range." RCA brand will be at high and middle of audio business, he added. RCA hi-fi will be on market starting "within a year," Holleran indicated.

Market test of RCA-brand boombox and clock radio by Sears, Circuit City, Highland and Crazy Eddie proved successful, Holleran said. Audio will be handled by TCE's Audio Communication Business in Syracuse, which now markets GE products, but items won't be same as GE's, Thomson officials said. "It's beyond a test," Holleran said. "Quite frankly, the only thing that limits its growth is [Thomson's] ability to make more product [at its Far East plants] because that business has been growing 20% to 30% a year."

Thomson's J2T VCR operation in Europe has produced 5 million recorders, Creau said, and its Singapore plant is making VCRs for Europe but will start producing NTSC recorders for U.S. next year. He stressed that "we are a manufacturing company, not a selling company -- only a manufacturer can master the technology of tomorrow," such as digital video recording. Garcin said Thomson is watching 8mm's progress but indicated its gains in Europe were illusory because of shortage of VHS-C product in Europe last year. "We don't think we should change anything [in U.S.] right now," he said, indicating company wouldn't return to VHS-C or add 8mm.

With plans to build own projection TV set at Juarez chassis plant and Mocksville, N.C., cabinet plant for assembly in Bloomington -- "one of our first world designs" -- and gradually switch to Thomson-made VCRs, where does that leave Hitachi, supplier of both? There were strong indications in comments by TCE officials that Thomson is becoming disenchanted with supplier Hitachi. As for video, it's "complex product, and we must be in every aspect of it, from research to production -- we will take the lead, not follow," Creau said.

One of more attractive products displayed by Thomson and its subsidiary brands on European market was 5" multistandard travel LCD TV. Officials indicated that personal video version -- combined with VHS recorder -- could be available here, perhaps as soon as next year. "Personal video will come," Creau said, "and we will have it with a full-size cassette... It will take some time but we will go into this -- the U.S. is our top priority for personal video." He stressed that both full-size cassette and large screen were essential to any personal video product. As for laserdisc, "one day it will come, but I don't know when or at what price."

As for Thomson's 16:9 widescreen TV set, due for introduction in Europe next year (TVD Sept 4 p9), Holleran cited that as kind of high-end product company wants to field in U.S., but "whether or not that gets introduced as another brand or as the high end of the RCA brand is something we are continually looking at." Thomson has announced no timetable for introduction of widescreen TV in U.S.

"We think the RCA brand has very big potential," Garcin said, but it "has suffered a lot in past years because... people didn't know where it was going. RCA didn't have the right product... It didn't have the right marketing policy. It didn't have the right market. Since we have worked together... the situation has improved very quickly. We have changed our product lines, we have modified designs, we are changing the market and... RCA is very much revitalized. We are No. 1 and we will show the people in America that we are No. 1."

Garcin said yield at Bloomington assembly plant now is more than 95% and former RCA and GE consumer electronics are integrated with European parent into "a big international company." Spirit has changed, he said -- "we are very motivated, and we have decided to fight the Japanese." Japanese dumping, he said, isn't limited to end products but includes subassemblies, components, "screwdriver factories." He saw stress on brand names by Sears and Montgomery Ward as hopeful sign for RCA -- "they want to push the brands and we want them to push our brands."

Garcin expressed hope for Zenith's survival as "good for America." But Holleran, referring to our recent interview with Zenith Sales Co. Pres. Gerald McCarthy (TVD Aug 28 p11), said strike at RCA's picture tube plants was bigger factor in Zenith's business improvement than change in RCA distribution cited by McCarthy as helping company's growth.

Although there will be product differentiation to suit tastes of different countries, Thomson plans unified production of many items for world market, Fogliano noting that single basic U.S.-designed 9" and 13" chassis has been adopted by company for rest of world.

DOMESTIC TV PRODUCTION SOARS TO RECORD: U.S. color TV production surged 35.6% to record 3,875,000 in 2nd quarter, accounting for huge 64.1% of total color TV supply. Imports also rose, putting total supply at 6,044,000, record for any quarter. Strong 2nd quarter contributed to increases in first-half U.S. production and total supply, according to our analysis of EIA and Commerce Dept. figures.

Total color supply in first half was 11,380,000, up 22.1% from 1988 first half. Total includes 4,907,000 imports, up 30%, and 6,473,000 U.S.-made sets, up 16.8%. Imports accounted for 43.1% of total supply in half, up from 40.6% share in year-earlier period but down from record 44.5% in first-half 1987. Rise in imports represented huge turnaround from year ago, when shipments were down 11% compared with first-half 1987 (TVD Sept 19/88 p12).

In 2nd quarter, total color supply jumped 26.1% to 6,044,000, surpassing previous record 5,555,000 in 4th quarter 1987. Domestically produced sets totaled 3,875,000, exceeding previous record in 4th quarter 1988. Color TV imports in 2nd quarter were 2,169,000, up 12.1%. Imports' share of total supply in quarter was 35.9%, lowest since 34.3% in 1985 4th quarter.

Monochrome sets consisted entirely of imports, which dipped 5.2% in first half and 0.6% in 2nd quarter. That put total TV supply up 18.4% to 12,742,000 in half, and up 22.7% to 6,750,000 in 2nd quarter. Here's breakdown of TV set supply in first half and 2nd quarter, as derived from EIA data (total color supply) and Commerce Dept. figures (imports):

TOTAL TV SUPPLY, FIRST HALF 1989 vs. 1988

		U.S.- Produced	% Change	% of Total	Imports	% Change	% of Total	Total Supply	% Change
Total TV	1989....	6,473,000	+16.8	50.8	6,269,000	+20.1	49.2	12,742,000	+18.4
	1988....	5,543,000	+ 4.5	51.5	5,218,000	-26.2	48.5	10,761,000	-13.1
Color TV	1989....	6,473,000	+16.8	56.9	4,907,000	+30.0	43.1	11,380,000	+22.1
	1988....	5,543,000	+ 4.5	59.4	3,781,000	-11.0	40.6	9,324,000	- 2.4
B&W TV	1989....	--	--	--	1,362,000	- 5.2	100.0	1,362,000	- 5.2
	1988....	--	--	--	1,437,000	-49.1	100.0	1,437,000	-49.1

SECOND QUARTER

Total TV	1989....	3,875,000	+35.6	57.4	2,875,000	+ 8.7	42.6	6,750,000	+22.7
	1988....	2,857,000	+12.9	51.9	2,645,000	-22.7	48.1	5,502,000	- 7.6
Color TV	1989....	3,875,000	+35.6	64.1	2,169,000	+12.1	35.9	6,044,000	+26.1
	1988....	2,857,000	+12.9	59.6	1,935,000	- 9.3	40.4	4,792,000	+ 2.7
B&W TV	1989....	--	--	--	706,000	- 0.6	100.0	706,000	- 0.6
	1988....	--	--	--	710,000	-44.9	100.0	710,000	-44.9

COMMERCE PLANS NO SPECIAL HDTV PROGRAM: Commerce Dept. made clear last week that it won't single out HDTV as industry deserving special federal support, but instead will look at broad range of new technologies to decide which to back and how best to support American competitiveness. On Capitol Hill there were expectable moves to overturn that decision.

House Telecom Subcommittee Chmn. Markey (D-Mass.) plans to introduce "comprehensive" legislation to spur high-technology development, including HDTV, combining other House and Senate proposals, he announced at panel's 6th hearing last week on HDTV policy. New bill would be Subcommittee's effort to counteract Commerce Dept. policy, which has disappointed American Electronics Assn. (AEA) and other groups seeking major push focused entirely on HDTV.

Meanwhile, unusual joint announcement by Texas Instruments and Japan's NHK, developer of Hi-Vision HDTV system last week, reported NHK's agreement to transfer its MUSE advanced HDTV receiver technology to TI's Japanese affiliate for undisclosed fee. TI said it will use technology to develop semiconductors for HDTV for sale to Japanese TV manufacturers and also will work with U.S. and European manufacturers to adapt HDTV chips to different advanced TV standards set for those markets.

Agreement seems to kill several birds with one silicon-encrusted stone: It dispels myth that Japan is shutting American semiconductor manufacturers out of its market. It shows that Japanese aren't being secretive about their HDTV technology and are willing to share with foreigners. It establishes that Japanese are more than willing to cooperate with any and all HDTV systems, whether or not invented in Japan, and conceivably that their know-how could even improve competing HDTV systems. And it shows that U.S. semiconductor manufacturers have really become interested in consumer electronics business.

FCC Chmn. Sikes said Commerce announcement didn't signal major change in Administration focus. Sikes, who was major HDTV supporter as NTIA dir., told us reports that govt. won't focus on HDTV alone is "reflection of what we've often stated." Commerce always has made it clear, he said, that "to the extent that industry thought the government should put up \$1 billion [for HDTV development] it would be disappointed."

Markey charged that "senior officials in the Bush Administration... fiddle with economic theories like so many Neros." Rep. Ritter (R-Pa.) criticized Administration for "missing the boat" on HDTV's importance beyond TV, while Rep. Rinaldo (R-N.J.) said he felt "sort of bogged down" in absence of policy leadership from Administration. Markey said his proposal will be "comprehensive" and will be designed "to ensure U.S. participation in emerging technologies including HDTV... If the Administration refuses to recognize the

potential destructive impact of the impending economic conflagration, then Congress should and will have to develop policies that are responsive to the world as it is today [and] not as some theorists stuck in a 1950s time warp wish that it were." He said he hopes to introduce measure in several weeks.

Emphasis should be on funding R&D of "key, generic technologies" in high-definition systems, encouraging deployment of U.S.-researched and -manufactured systems, Markey panel was told by Barry Whalen, senior vp-Microelectronics & Computer Technology Center (MCC). Consortia are ideal, he said, because they can reduce financial risks that tend to discourage R&D investment.

Bell Labs Exec. Vp Solomon Buchsbaum strongly agreed, noting parent AT&T involvement in consortium with Zenith for HDTV. But he said key to success of any American effort rests on need for U.S. to have fair share of TV set market because image processing techniques for TV sets will be similar to those used in other telecommunication and computer applications. Buchsbaum said "much more is at stake than watching, with exquisite quality, sweat run down a quarterback's face." He contended manufacturing and marketing were bigger hurdles than development of prototype HDTV receiver. He outlined 5 possible criteria for foreign involvement, including commitment to make "substantial" contribution to consortium's R&D, locating "large portion" of manufacturing in U.S. and submitting to minimum domestic content requirement, with some from countries whose govts. submit to reciprocal trade and intellectual property law treatments. He spoke against direct federal subsidy of HDTV set manufacture, and when asked about Defense Applied Research Projects Agency (DARPA) project, said \$100 million to start was "good enough for me."

TI's move is part of its strategy to penetrate advanced vision systems (AVS) segment of semiconductor consumer business that will include IDTV, EDTV, HDTV, camcorders, VCR decks and audio systems, company said. Agreement with NHK "gives TI the system knowledge needed to design integrated circuits for advanced TVs," said Akira Ishikawa, TI semiconductor group senior vp and TI Japan pres. "TI will take this resulting technology and work with customers in Japan, Europe and America and thus participate in 3 HDTV markets: MUSE in Japan, HD-MAC in Europe and the future U.S. HDTV standard."

Agreement should strengthen TI's position as major supplier of components for consumer electronics. "Put simply, the consumer electronics world is going from analog to digital, and this market discontinuity plays directly into some key TI technology strengths," said TI Exec. Vp William Weber, who also is Semiconductor Group pres. TI estimates consumer segment of chip market will grow to more than \$16 billion by 1993, and advanced vision segment alone will expand from virtually zero sales this year to \$3.5 billion in 1993 and \$10 billion in 2000.

* * * * *

Obviously too late, National Advisory Committee on Semiconductors, industry-govt. group that advises President on semiconductor issues, made interim recommendation to Bush to begin national HDTV initiative to boost U.S. chip industry. In letter to President, committee said it "supports a joint industry-government initiative to develop a robust position for U.S. companies in the emerging HDTV market as a strategic step to ensure our continuing technological competitiveness." Committee said it "believes that the loss of a U.S.-controlled consumer electronics industry has contributed to the erosion of the ability of American semiconductor manufacturers to compete effectively with their global counterparts. The committee believes strongly that it is vital for the U.S. to reenter the consumer electronics industry now."

Committee urged govt. and private investment in HDTV research and manufacturing, such as DARPA's program (TVD Jan 2 p9). It said specific recommendations on HDTV will be included in final report to President due by end of Sept. Meanwhile, first DARPA contract for HDTV display R&D has been sent out to one of 5 companies picked for grants (TVD Aug 21 p12). Details of agreement are being worked out, according to recipient, who expects to sign contract in near future.

EIA, whose membership includes both foreign and domestic TV as well as parts and professional equipment manufacturers, has become member of Advanced TV Test Center (ATTC), which will test proposed advanced TV systems. Other members are Cap Cities/ABC, CBS, NAB, NBC, PBS, Assn. of Maximum Service Telecasters (MST), Assn. of Independent TV Stations (INTV).

Low-cost fax machine aimed at consumer market has been introduced by Amstrad in U.K. With unit at \$935 in U.K., Amstrad said it expects to create first truly mass home and small business fax market. Product is being made at Amstrad's Hong Kong plant and will be shipped beginning in Oct. Amstrad said it's looking for company to manufacture fax machines in U.K. beginning next year.

Semiconductor business slowed for 2nd straight month in Aug., continuing slump that began in April, to Semiconductor Industry Assn. (SIA) said. Trade group's preliminary book-to-bill ratio was 0.94 (\$94 in new orders for every \$100 of products shipped), down slightly from 0.95 in July. Billings totaled \$1.23 billion in Aug., up 15% from July billings.

CHINA'S TV EXPORTS UP: First-half color TV imports were dominated by Mexico, which supplied more than twice as many sets as next highest source, Korea. But other big story of first half was China, which increased its color TV exports to U.S. by huge margin and was 6th leading supplier, ahead of Japan, Hong Kong, Canada.

Mexico shipped more than 2 million color sets to U.S. in Jan.-June, up 69.5% from 1988 first half, Commerce Dept. statistics showed. Next highest in color TV was Korea with 796,500, followed by Taiwan with 781,000, Malaysia 459,800, Singapore 298,200, China 176,300. In b&w, Korea easily was top source, followed by Taiwan, China, Hong Kong.

June color TV imports were led by Mexico, Taiwan, Malaysia, Korea. China was 5th leading supplier in month, jumping ahead of Singapore; Korea was top b&w TV source.

In VCR deck market, Thailand joins Japan, Korea and Taiwan as world's leading suppliers. Thailand had no deck shipments to U.S. in 1988. Following are VCR and TV import totals by country for June and first 6 months of 1989:

	June	% Chg.	6 Months	% Chg.
VCR Decks				
Japan....	720,600	+ 3.7	3,927,700	+ 0.1
Korea....	157,800	- 0.2	1,212,800	+35.3
Taiwan...	66,900	+13.9	347,600	+15.7
Thailand.	37,100	*	179,700	*
TV Sets				
Mexico				
color...	397,500	+62.3	2,063,300	+69.5
Korea				
total...	214,300	-27.2	1,592,800	-17.6
color...	83,500	-46.4	796,500	-10.3
b&w....	130,800	- 5.7	796,300	-29.4
Taiwan				
total...	188,800	+ 4.2	1,078,700	+ 0.1
color...	156,600	- 8.0	781,000	-16.1
b&w....	32,200	+194.5	297,700	+179.4
Malaysia				
color...	87,100	+247.6	459,800	+28.6
Singapore				
color...	48,100	+11.5	298,200	+ 1.3
China				
total...	105,300	*	407,800	*
color...	49,400	*	176,300	*
b&w....	55,800	*	231,500	*
Japan				
total...	32,500	+26.9	208,500	+ 1.9
color...	22,800	+152.0	157,100	+45.2
b&w....	9,600	-38.0	51,400	-46.7
Hong Kong				
total...	40,900	+132.2	210,400	+57.3
color...	10,400	+65.5	66,300	+13.6
b&w....	30,500	+178.4	144,100	+91.2
Canada				
color...	8,900	+307.9	65,500	+169.3

* No significant shipments in 1988.

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

Sharp 100" projector has total of 268,515 pixels, not 268,515 in each of 3 LCDs, as we reported in Sept. 11 issue (TVD Sept 11 p14).

SONY PUSHES BIG-SCREEN TV: Sony will try to boost sales of large-screen color TVs as much as 25% in 4th quarter with new 2-month nationwide retail promotion that will allow consumers to buy 32" or larger set with no down payment and no interest for 180 days, after credit approval.

Promotion, first of kind for Sony in large-screen TV, is designed to boost sagging sales of 30"-&-over sets, Sony Consumer Display Products Mktg. Dir. Brian Klosterman said. He said industrywide sales of larger sets were about even with last year's through first 33 weeks, at about 100,000, according to EIA data.

Klosterman, who joined Sony from Thomson in March, said sales of large-screen TVs are beginning to pick up after "quiet" period. Their growth will be aided by increase in stereo broadcasting by TV stations, higher VCR and cable TV penetration in U.S. households, and increased TV viewing. Sony promotion covers 13 color TV models 32"-&-over, including all VideoScope 41" and 46" projection TVs, and will run through Oct. and Nov.

Sony will back program with multimillion-dollar ad campaign. Klosterman said Sony's "conservative" forecast is for 25% increase in 32"-&-over TV sales in 2-month period. "We're doing this to develop the category, to get people interested in big-screen TV," he said. Retailers are being solicited for program, he said, and he expects most will sign up.



"Pocket HDTV set" will be possible in 3-5 years, said Steve Lipsey, marketing vp of Reflection Technology (RT), developer of tiny "Private Eye" monitor system (TVD March p12, Dec 19 p10). Addressing N.Y. chapter of Society for Instrument Display (SID) last week, he said he expected dozen companies to announce Private Eye products in next 6-9 months. Hughes Aircraft has acquired worldwide rights to manufacture display for military applications, calling it "one of the most significant developments in display technology that will enable the design of an entire class of new miniature products." RT retains right to make low-cost commercial version of device. Lipsey said RT has sold more than 50 hand-built prototypes at \$5,300, now is selling IBM PC compatible starter kits at \$495 each (TVD Sept 4 p13). Estimated price in quantity would be \$20-\$30 each. In presentation, he conceded difficulty in developing color version because of inadequate green and blue LEDs, but he told us several Japanese companies are working on problem. Only device announced so far to use Private Eye is Medbar portable "paperless fax," demonstrated at Summer Consumer Electronics Show (TVD June 19 p15).

All View-Master Ideal stock has been acquired by Tyco Toys, which had purchased majority of outstanding shares in tender offer. Mt. Laurel, N.J.-based Tyco says it will operate View-Master as subsidiary and is swapping 0.373 share of Tyco plus warrant to buy 0.225 share for each share of View-Master, which has ceased trading on Nasdaq. Merger won't affect View-Master interactive video system promoted at N.Y. Toy Fair (TVD Feb 20 p11). Tyco spokesman told us product is available now and "its future will be determined by how well it does." He refused to discuss sales performance.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 146 yen = \$1, except where noted.

ANTI-'BLACK BOX' LAW: Presumably inspired by agreement on "technological solution" to digital audio tape (DAT) problem (TVD July 10 p8 et seq.), bill to ban products designed to defeat video anticopying processes is to be introduced by Rep. Berman (D-Cal.) of House Copyright Subcommittee, Macrovision Sales & Mktg. Vp William Krepick told us. He said Macrovision, whose prerecorded tape process is used by most studios and many independents, has been working with Berman on proposal, which would be presented as amendment to copyright law. Company had been instrumental in passage of similar amendment in U.K. last Nov., hopes for passage of U.S. version in spring, he said.

Because Macrovision has patent on defeat as well as anticopying technologies, it has been suing black box suppliers for patent infringement. However, it would have easier time suing under copyright law -- which courts take more seriously than patent disputes, Krepick said. He said Macrovision also would be able to have cases tried in its own district rather than defendant's.

MPAA supports intent of Macrovision proposal but hadn't seen copy of draft, Public Affairs Vp Barbara Dixon said. EIA "will look at it and discuss it, but we're not enthusiastic," said Consumer Electronics Group Govt. & Legal Affairs Vp Gary Shapiro. Although EIA doesn't to his knowledge represent defeat box suppliers, "we're concerned about setting precedents," he said, emphasizing need for "narrow scope" of any bill that's introduced.

Whether Congress should become involved in issue is questionable, Shapiro said, since movie companies can sue defeat box suppliers under copyright law. However, that requires evidence of specific use of black box to duplicate illegal versions of specific studio's titles, Krepick said. Generally, studios' attitude is to "let us as a vendor fight our own battles," he said. Exception has been MCA, which filed companion copyright infringement suit against Xantech; both cases were settled last year (TVD Aug 29/88 p13). MCA also has joined Macrovision in suing VSA in U.S. Dist. Court, Portland, Ore. Macrovision has filed separate suit against Showline in U.S. Dist. Court, San Diego.

Macrovision has had some success in stopping several defeat box companies with patent infringement suits. In separate settlements, Xantech and Vidicraft agreed to stop making devices infringing on Macrovision patent. And last month it announced "watershed settlement" with Digital Tech, Southgate, Mich., which had manufactured Macroliminator and had been sued earlier this year in U.S. Dist. Court, Detroit. Under agreement, Digital Tech on Aug. 31 stopped making Macroliminator "and any other device which infringes on Macrovision's patents," Macrovision said. While other defendants were able to sell off inventories, Macrovision was able to seize Digital Tech's.

Meanwhile, Macrovision has developed circuitry for laserdisc player involving "flag" on protected discs that sets off anticopy process, Krepick said. Company has approached Philips, which is evaluating technology. We weren't able to reach Philips officials at our deadline. Krepick said cost to add system would be "pennies" for discs and "less than 1%" of \$400-\$600 list price for low-end player.

Macrovision anticopying system for pay-per-view cable has been "slow" in catching on, Krepick said. Besides having to work with limited number of cable operators offering standalone rather than satellite-delivered PPV services, Macrovision must contend with cable's popular marketing strategy of promoting timeshifting, he said. In addition, neither studios nor operators are willing to pay for

technology, even though Macrovision has offered to install technology at cost and charge only 10¢ per PPV buy. "We're willing to sit it out," Krepick said, "since we have other products."

WHAT DAT DUMP? Reports of digital audio tape (DAT) recorder dumps in Japan -- prevalent at recent Berlin Audio-Video Fair -- turn out to have been somewhat exaggerated, on basis of survey of shops in Tokyo's Akihabara electronics district.

Notwithstanding sluggishness that has prevailed in market since DAT recorder introduction, poll by our companion publication Audio Week found bargain basement prices more exception than rule. In fact, DAT discounts in Tokyo generally were more modest than price breaks in other audio categories. Speculation was that manufacturers and retailers already had lowered DAT inventories in anticipation of newer machines that record digitally and contain Serial Copy Management System (SCMS) chips under terms of agreement between hardware and software communities.

Akihabara district is known for generous discounts off manufacturers' list prices, but our companion publication Audio Week found that in shops that discount most audio products average of 20%, DAT discounts were more in neighborhood of 5-10%. Sales managers polled said their stores generally were reluctant to offer bargain DAT prices in belief that pool of audiophile customers willing to pay high prices for hardware hasn't been saturated. Salespeople canvassed said they had seen no evidence of dumps so far, and noted that production has been so limited that dumps probably would yield few benefits. Some said any unloading of existing stock to make way for machines that have SCMS chips and can record digitally were more likely after next month's Japan Audio Fair, when manufacturers are expected to clarify DAT marketing plans.

Where price breaks on recorders did show up, they generally affected only one or 2 brands, and generally were in nature of come-ons to attract high-end buyers into stores.

JVC is testing BASF's 5-hour E-300 videocassette, introduced in Europe at Berlin Audio-Video Fair (TVD Sept 11 p10), company official in Japan said in answer to our question last week. He made clear that company's special concern was compatibility with VHS standards. "The technical examinations and evaluations are still under way," with no conclusion reached yet, he said. As for Nokia's Active Sideband Optimum (ASO) system that triples recording time on cassette with claim of no noticeable deterioration, he said: "We have not yet received any official request by Nokia to examine the technical aspect" of system. Since no technical evaluation has been made, "we cannot make any comment on it now." Nokia spokesman said at Berlin show that no JVC approval was required since ASO doesn't alter compatibility of VCR in standard VHS recording and playing modes. Thomson video official, asked to comment on ASO system, expressed doubts about its producibility.

China's color TV sales dropped off sharply since Feb., when govt. reduced number of TV retailers and imposed 45% "luxury" tax on TV purchases, China Daily said. Retailers in Shanghai are offering gifts and free delivery of sets to lure customers, but more than 150,000 color TVs, worth about \$81 million, "are sitting in warehouses" in that city, report said. That's 50% higher inventory level than at beginning of year, paper said.

PHILIPS 'HOME' COMPUTER: That legendary and illusive computer customer -- the average consumer -- is target for first major product of Headstart Technologies since its acquisition by Philips last March (TVD March 27 p10). Most ambitious launch by Headstart -- new Explorer IBM compatible model -- was preceded by space-oriented press event at N.Y. Planetarium with pitch by William Shatner.

Explorer is aimed squarely at mass market dealer, is designed for instant-on operation without even inserting disc. Several programs are built in. Basic price of CPU with fold-in keyboard is \$599 with built-in 720K 3.5" disc drive; with color monitor, it's \$989. System is designed for easy operation without knowledge of MOS through own operating protocol. Computer can accommodate slide-in hard disc with additional programs, has ports for add-ons as well. Although it will accept all IBM-compatible programs, Headstart Pres. Harry Fox said many programs are being "Explorified" to work with product's simplified environment.

Montgomery Ward and Silo will offer Explorer immediately, and Fox said it would be in 70 outlets by Christmas, in virtually all mass market stores next year. Rather than call Explorer home computer, Fox prefers "computer designed for the family." Design started at about time negotiations with Philips began, Fox told us, and he expects it to be available in all countries, although at first only in U.S. and Holland. It's being made now to Headstart specs by Daewoo in Korea, but Fox said it eventually would be built in several Philips plants, including Canadian computer facility.

"This is the first leg of a 3-leg strategy" in computers by Philips and Headstart, Fox said. "We are aiming primarily at the home office and will make the computer more useful to the end user." While Explorer can be used in business, Fox said Headstart will aim further products at business user.

Headstart spent \$12 million on ads and promotion last year, is running about 20% above that now, Fox said, indicating higher expenditures for Explorer -- "we are committed to making this a major product" -- including TV, radio, magazines and buff books.

Asked how Headstart would synchronize with Magnavox efforts in computers, Fox told us: "We're both part of Philips -- we're one company. We're in the process now of putting together a comprehensive marketing strategy. Magnavox's strength is in its huge distribution and sales capacity, ours is in developing products."

Is there really a home computer market? "Ask me in 6 months," Fox replied. "If there is, we will be a significant factor. The key is to develop sellthrough at retail. We think there is a mass-market residential business, a business for noncomputer stores."

Moving down toward consumer price is laser printer, on basis of introduction last week by Hewlett-Packard of new model listing at \$1,495, which Wall St. Journal speculated could sell at "street price" less than \$1,000.

It's Against the Law . . .

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Meanwhile, Poquet Computer Corp., Sunnyvale, Cal., 38% owned by Fujitsu, introduced 1-lb. IBM-compatible computer that will fit in pocket at \$1,195. Atari started shipping its Portfolio, \$400 IBM-compatible model about size of VHS cassette with standard typewriter keyboard, also weighing less than pound, as introduced at Consumer Electronics Show (TVD June 12 p11).

N.Y. Times discovered CD-I, DV-I and various systems to put video images on computer screens and computer images on TV screens, deeming them worthy of front-page roundup Sept. 11. It used name "multimedia computing" for combinations and threw in HDTV for good measure, saying it was "expected to erase the distinction between computers and TV sets." It fell short of predicting use of 6-ft. projection screens for word processing or viewing of Cinemascope epics on 12" computer monitors while balancing family checkbook.

Mattel Canada, affiliate of U.S. toymaker, won temporary injunction in Canadian Federal Court, Ottawa, prohibiting GTS Acquisitions from selling videogames and related equipment under Nintendo brand. Mattel Canada has been exclusive Nintendo distributor in Canada for videogame hardware and software since 1986. Temporary injunction will continue pending trial of Mattel Canada trademark infringement lawsuit against GTS.

Major AM promotion, including special logo for receivers meeting new standards of National Radio System Committee (NRSC), which improve both transmission and reception, will be conducted jointly by NAB and EIA Consumer Electronics Group, subject to approval by latter's board.

Another videodisc player brand has entered market -- Sharp is shipping multidisc player it showed to dealers last May (TVD May 22 p13).

OBITUARIES

Herbert Johnson, 79, who retired as public affairs vp of GTE Sylvania in 1976 after 25 years in various Sylvania PR capacities, died Aug. 20 at his home in Highland, N.Y. He joined Sylvania after 13 years with Associated Press. Retiring from GTE, he was PR dir. of Vassar College for 8 years. He's survived by son and daughter.

Ezra (Zeke) Landres, 60, NARDA official and leading retailer, died Aug. 30 in Evansville, Ind., after collapsing while addressing dealer group on behalf of Independent Dealer Services (IDC), to which he was consultant. He founded Certified TV in Norfolk, Va., and became a vp of Circuit City when that chain purchased Certified. After retirement in 1970s, he was named NARDA educational dir., becoming acting exec. dir. for 5 months in 1986. He served as consultant to several organizations including IDC (extended warranties) and was on board of Best Buy retail chain. Wife, 2 daughters, 2 sons survive.

Consumer Electronics Personals

Gari Vicari, ex-Olympus, joins Sanyo Fisher as mktg. mgr., with hq in Little Falls, N.J.; **Earle Batt**, ex-World Radio, named Sanyo Video Div. national product mgr.; **Steven Valentine**, ex-JVC, joins Sanyo Fisher as car audio national product mgr.; **Robert Freshman**, ex-Nakamichi, named western region mktg. mgr.; **Patrick Lam**, ex-Coustic Car Audio, joins Sanyo as sales promotion mgr... **Jay Haft**, senior partner at N.Y. law firm Parker, Duryee, Rosoff & Haft, appointed chmn., Emerson exec. committee... **Ross Tanenbaum** resigns as Yorx Electronics pres.-CEO in reorganization; he's succeeded by **Richard Den Broeder**, former pres., Yorx Canadian Div.; **James Mulvehill**, sales and mktg. senior vp, assumes all product development and operations responsibilities... **Richard Sklaire**, ex-Toshiba Business Products, joins Samsung (U.S.) as home office asst. gen. mgr., new position.

Barry Nathanson appointed publisher of International Thomson's Consumer Electronics Monthly, succeeding **Michael Romano**, resigned (TVD Sept 4 p16); **Joseph Palenchar** resigns as editor of Thomson's Autosound & Communications to join Viare Publishing as editor of CARS, car stereo trade monthly to debut in Jan... **Isao Yoshii** moves to Canon (U.S.) as Video Div. senior dir., from Canon (Japan) where he was Video Div. mktg. mgr... **Joel Chaseman**, Post-Newsweek Stations chmn.-CEO, will be video session keynote speaker at Winter Consumer Electronics Show in Las Vegas in Jan.; **Leonard Feldman**, Feldman Electronics Lab pres., will be speaker at audio session... **Dante Carlos** resigns as Proton exec. vp to start investment business, his duties absorbed by Vp **Richard Wu**.

Timothy Lomax, ex-Laser Magnetic Storage, joins Philips Components-Signetics as finance vp, succeeding **Gary Clark**, resigned... **Dell Glover** named mktg. dir. **Ricoh Peripheral Products Div.**... **Anne Palmer** moves to Toshiba America Information Systems Personal Computer Marketing Group as product mgr., from Disk Product Div.; **Karen Pusch**, ex-Western Digital, joins Toshiba as asst. product mgr... **Barbara Koalkin**, mktg. dir., advanced to Digital F/X mktg. vp... **Timothy Hill**, ex-Polaroid, joins Gates as consumer battery products sales and mktg. mgr... **Dennis Hagen**, ex-Upscale Discounting, appointed eastern regional sales mgr., Fuji Computer Media Div... **Mark Cichowski** joins Sonance as international sales mgr., new position... **Richard Miller**, recently named Wang Labs pres.-COO, elected to board.

Brian Clendenon resigns as Imperial Entertainment sales and mktg. vp... **Michael Weiss** resigns as J2 Communications business development vp to join American Video Assn. as exec. vp-COO; he will become pres. June 10, succeeding **John Power**, retiring... **David Bixler**, ex-Vidmark Entertainment and Virgin Vision, named Media Home Entertainment acquisitions vp... **Mel Layton**, ex-Vidmark, joins Republic Pictures as acquisitions and development vp, succeeding **Sydney Levine**, resigned to become acquisitions consultant... **Andrew Greenberg** promoted to Goodtimes/Kids Klassics senior licensing and acquisitions vp... **Dana Plautz**, ex-Connoisseur Video, named Wood Knapp Video mktg. dir... **Wyman Dunford** promoted to Technicolor Videocassette senior vp-worldwide manufacturing.

Toshiba Ceramics last week dedicated plant in Hillsboro, Ore., to produce high-purity quartz glass crucible used to melt silicon for semiconductors. Toshiba has 10% of U.S. market, is aiming at increase to the 50% it enjoys in Japan, Toshiba Ceramics Japan Pres. Kiyohiko Kasuya said.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Audio/Video Affiliates			
1989-6 mo. to July 31	65,723,000	(1,627,000)	-.04 ^a
1988-6 mo. to July 31	86,715,000	1,044,000	.09
1989-qtr. to July 31	34,003,000	(1,198,000)	-.04
1988-qtr. to July 31	46,172,000	980,000	.09
Chyron			
1989-year to June 30	44,157,000	(2,273,000)	-.05 ^b
1988-year to June 30	46,014,000	1,139,000	.11 ^b
1989-qtr. to June 30	12,652,000	(1,961,000)	-.04
1988-qtr. to June 30	11,939,000	(1,232,000)	-.04
Financial News Network^c			
1989-year to June 30	44,457,916	3,003,306	.17
General Instrument			
1989-26 wk. to Aug. 27	685,594,000	55,457,000	1.69 ^b
1988-26 wk. to Aug. 28	616,647,000	43,025,000	1.29
1989-13 wk. to Aug. 27	339,975,000	23,001,000	.72
1988-13 wk. to Aug. 28	303,771,000	21,661,000	.65
Highland Superstores			
1989-6 mo. to July 31	395,010,000	(11,184,000)	-.03
1988-6 mo. to July 31	389,617,000	1,965,000	.11
1989-qtr. to July 31	198,461,000	(2,666,000)	-.03
1988-qtr. to July 31	207,968,000	1,682,000	.09
Jones Intercable			
1989-year to May 31	65,808,000	(24,271,000)	-.04
1988-year to May 31	47,901,000	29,257,000	2.34
1989-qtr. to May 31	18,723,000	(7,551,000)	-.04
1988-qtr. to May 31	17,722,000	819,000	.08
Jones Spacelink			
1989-year to May 31	77,287,000	(6,053,000)	-.08
1988-year to May 31	57,757,000	10,612,000	.19
1989-qtr. to May 31	21,469,000	(2,784,000)	-.02
1988-qtr. to May 31	20,954,000	1,034,000	.02
National Semiconductor			
1989-13 wk. to Aug. 27	397,600,000	(21,900,000)	-.05
1988-13 wk. to Aug. 28	444,900,000	(30,500,000)	-.07 ^d
Paramount Communications			
1989-9 mo. to July 31	2,422,800,000	231,100,000	1.93
1988-9 mo. to July 31	2,120,300,000	240,700,000	2.00 ^d
1989-qtr. to July 31	950,600,000	96,300,000	.80
1988-qtr. to July 31	795,100,000	120,500,000	1.00 ^d
Prism Entertainment			
1989-6 mo. to July 31	9,575,000	476,000	.22 ^b
1988-6 mo. to July 31	10,051,000	438,000	.20 ^b
1989-qtr. to July 31	4,349,000	93,000	.04
1988-qtr. to July 31	5,027,000	36,000	.02 ^b
TCA Cable TV			
1989-9 mo. to July 31	56,501,000	8,544,000	.35
1988-9 mo. to July 31	50,795,000	6,269,000	.26 ^e
1989-qtr. to July 31	19,246,000	2,747,000	.11
1988-qtr. to July 31	17,690,000	2,340,000	.10 ^e
Tektronix			
1989-12 wk. to Aug. 19	294,084,000	(1,864,000)	-.06
1988-12 wk. to Aug. 20	301,037,000	7,392,000	.26
Texscan			
1989-qtr. to July 29	11,150,000	141,000	.01
1988-qtr. to July 31	12,224,000	(394,000)	-.03

Notes: *Includes special credit. ^bAfter special charge. ^cComparative results unavailable. ^dRestated. ^eAdjusted.

Mitsubishi will invest \$15 million in its 3rd VCR plant in Scotland, with production to start by year-end. Company makes 400,000 VCRs yearly in its 2 existing plants there.

This week has been designated as "TV at 50 Week" by EIA's Consumer Electronics Group as part of "50 Years of TV" commemoration.

TELEVISION DIGEST®

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With Consumer Electronics

SEPTEMBER 25, 1989

VOL. 29, NO. 39

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

NAB EYES PROGRAM CODE: In direct response to Sikes, study planned to examine return of voluntary guidelines. Will assess feasibility, effectiveness, legality, legislation, members' support. (P. 1)

ROCHESTER CABLE CAUSES UPROAR: NAB seeks cable common carrier regulation. INTV to make Rochester cable 'station' test case. NCTA quiet; CATA pledges to fight back. (P. 2)

CABLE FEE PLAN FLOATED: Systems would be required to pay fee to carry local TV signals under proposal by Boucher to CBS affiliates board. (P. 4)

MUST-CARRY TALKS RESUME: There's report of draft agreement, but INTV says it hasn't seen or endorsed it. Quick congressional action unlikely. (P. 4)

HDTV AGREEMENT REACHED: International group in accord on colorimetry and transfer characteristics; other parameters still undecided. Fiber role debated. (P. 5)

AGGRESSIVE NTIA AGENDA stressing global issues planned by Obuchowski. Initiatives in spectrum and global media concentration high priorities. (P. 6)

JOURNALISTS EXHORTED to be 'teacher, conscience, watchdog' at RTNDA convention. Ethics of broadcast journalists today are lower than 15 years ago, 56% of audience says; 26% call it higher. (P. 7)

NAB EYES PROGRAM CODE: In fast response to suggestion of FCC Chmn. Sikes, NAB Exec. Committee directed staff to assess feasibility of return to some kind of voluntary program standards such as in defunct Radio and TV Codes. In speech to NAB Radio '89 conference Sept. 16, Sikes had called for industry to adopt "sound, voluntary programming standards" (TVD Sept 18 p4). Following long legal battle with Justice Dept. in mid-1970s, TV Code was declared unconstitutional and Radio Code also was dropped. Codes included advertising as well as programming standards.

Exec. Committee acted at Sept. 17 meeting in New Orleans -- 2 days after Sikes spoke. In brief statement, Committee said action was in direct response to FCC chmn., and instructed staff "to conduct an assessment of the feasibility, effectiveness, legal and legislative elements of -- and member support for -- devising a statement of standards or guidelines concerning programming in the public interest." Major concern would be legal ramifications -- and legislation (S-844, HR-1391) before House-Senate conference committee would waive antitrust laws to permit restoration of voluntary broadcast codes. INTV has endorsed proposal, but TV networks and NAB so far have shown little interest.

"The chairman had suggested that we do this, and we're going to do it," NAB official told us. Study isn't under way yet, and such factors as retaining outside counsel and seeking legislation and antitrust exemption

Consumer Electronics

BIG-SCREEN TUBE expansion delayed. Matsushita U.S. plant dedication one year late, although pilot production has begun. Philips decision seen by year-end. (P. 10)

SONY TESTS RENTAL of Video Walkman and program cassettes to commuters in N.Y. Company says its camcorder sales are up 50% from last year. (P. 10)

TV PRODUCT MIX continues shift to table models from consoles in first 8 months of 1988. Big-screen table-model sales up 21.8% from same 1988 period. (P. 11)

RCA POSITIONS ITSELF as high-end line for 'video involved' consumers in new ad approach. 'Bottom-line' improvement claimed. Third brand name unlikely. (P. 12)

75 MILLIONTH VCR sold in week ended Sept. 8. Tracing 15-year history of video recorders. (P. 13)

PROCESS TO PRINT digital optical sound track directly on motion picture film developed jointly by Eastman Kodak and Optical Radiation. (P. 13)

NTSC VIDEO DISCS play on many PAL TV sets with new player to be offered in U.K. by Pioneer this winter. Observers call results excellent. (P. 14)

CONSUMERS RATE VCR HIGH on list of products that enrich life, in Wall St. Journal survey, but CDs, Walkman and car phone are dismissed as 'frills.' (P. 14)

haven't been considered, we're told. NAB staffers expected to be in forefront of study include Henry Baumann, exec. vp-gen. counsel; James May, exec. vp-govt. relations; Walter Wurfel, senior vp-public affairs and communications. Results of their efforts are expected to be on agenda at NAB Jan. board meetings in Cal.

Another NAB official told us: "We are very serious [and] it will be very well received by our members -- both radio and TV... It's being driven by sex and violence and by the indecency issue."

Sikes said he's "pleased" that NAB will "explore" the revival of something akin to the old NAB Code. Ultimately, however, the decision on whether to develop a Code should be based on the broadcasters' view of whether one is needed." CBS Washington Vp Martin Franks, who attended Exec. Committee meeting, said network would be "cautious on the legal side" on return of any voluntary standards. Since CBS already has its own "high standards," he said, network will cooperate in study.

INTV Pres. Preston Padden wrote Sikes -- with copies to Capitol Hill leaders, other commissioners and key FCC staffers -- before he knew of NAB initiative. Padden said Sikes suggestion is "right on the money... We are with you 100%. In our judgment, industrywide agreement on a code is likely only if Congress grants truly 'bullet-proof' legal immunity." House and Senate bills proposing antitrust waiver differ on breadth of voluntary code, with House bill narrowly focused on TV violence while Senate bill also would cover depictions of drug use and sex. Idea of new code predictably was applauded last week by Telecom Subcommittee Chmn. Markey (D-Mass.) and others on panel. HR-1391 passed House Commerce and Judiciary Committees with overwhelming support.

ROCHESTER CABLE 'STATION' CAUSES UPROAR: NAB asked Congress to consider regulating cable as common carrier, eliminating what Assn. called cable's "privileged status" under 1984 Cable Act. Request came in response to ATC Rochester's decision to upgrade local origination cable channel to compete more directly with broadcasters (TVD Sept 18 p5). INTV, meanwhile, said it will ask FCC to enforce Cable Act provisions allowing agency to regulate cable systems when they're capable of reaching more than 49% of market. CATA Pres. Stephen Effros said common carrier regulation of his industry would guarantee obsolescence of broadcast TV.

NAB Pres. Edward Fritts made request in letters to Senate Communications Subcommittee Chmn. Inouye (D-Hawaii) and House Telecom Subcommittee Chmn. Markey (D-Mass.). Subcommittees already have proposals pending that would deregulate cable or introduce new competition to industry. Letters cite upgrade of Rochester cable local origination channel, which INTV already is opposing and which Fritts said could threaten "continued viability of our system of free television." Broadcasters want assurances of carriage on cable systems and "chafe under cable's compulsory copyright license, which enables [cable] to retransmit our signals for a fraction of what it costs to produce or acquire our programming," Fritts said. He also objected to prohibitions on broadcasters' owning cable systems in their markets, while there are no restrictions on cable systems' creating "what in effect are local stations." He said broadcasters fear cable-owned channels will get favored channel position, while local broadcasters "can lose their status at any time, at the sole discretion of the cable operator."

Rochester case is "extremely troubling," Fritts said. ATC Rochester has upgraded programming and marketing for its local origination channel and given it call letters WGRC-TV, positioning it to compete more directly with local independent, WUHF, and with network affiliates. Situation "represents yet another example of cable's current ability to exert monopolistic, gatekeeper control over the local television marketplace," Fritts said. "We fear that this example will not be an isolated instance. It appears that this may be a test case. The prospects of similar action in media markets of all sizes across our nation are very real."

WGRC-TV is aiming at improving quality and diversity of programming and at easing syndicated exclusivity problems, ATC Chmn. Joseph Collins said. In letter to Congress and FCC, Collins said ATC Rochester has been "particularly hard hit" by syndex: "The FCC advised cable systems in this situation to go out and purchase their own syndicated programming in order to increase the diversity of choices for consumers. It is ironic that we are being attacked for doing exactly what the FCC had in mind." In answer to other attacks on channel, Collins said: (1) Local origination channel is subject to "nearly identical" FCC public interest obligations as are broadcasters. (2) Claims that channel violates cable-broadcast cross-ownership regulations are "frivolous." (3) ATC has no intention of moving WUHF from Ch. 7 on cable.

INTV plans to make test case of WGRC-TV, INTV Pres. Preston Padden said. Padden wrote to 41 members of Congress -- 16 in Senate, 25 in House -- FCC commissioners and assorted staff members

complaining about expansion of channel. INTV effort also helped fuel idea by House Telecom Subcommittee member Boucher (D-Va.) for new cable royalty for retransmission of local TV signals. "This is the nose of the camel peeking under the tent," Padden said, "and when that happens it's wise to give it a good stiff whack." Cable Act allows FCC to regulate cable channels to assure diversity, Padden said, and Rochester situation "poses the dilemma more starkly than ever before."

Situation is "very dangerous precedent" that could spread throughout industry, said Bertram Ellis, pres. of Act III Bestg., which owns WUHF, Rochester independent. Act III bought WUHF in March on assumption any new competitor would have to obtain FCC approval, Ellis said. Even name WGRC-TV is in some dispute. Call letters are used by Lewisburg, Pa., FM but FCC officials said there are no regulations on assigning call letters to cable channels and Collins said it's unlikely cable channel will be confused with radio station.

NAB proposal would open door to such moves as professional baseball teams' buying channel for pay-per-view coverage of games, CATA's Effros said, as well as for producers such as Paramount setting up their own channels. He said CATA "of course" will oppose NAB proposal, but he's surprised broadcasters support it. NCTA wasn't ready to comment immediately on NAB letter. INTV action also prompted Effros to launch campaign against "cable bashers." He said "we're going to be very pro-active in assuring that anyone engaging in cable bashing will be held accountable for what they say." Effros denied there are vertical integration issues in Rochester case and said INTV is "living in a glass house." CATA cited Fox growth and Paramount's buying TVX Best. Group as example of vertical integration in broadcasting.

Post-Newsweek Bestg. Chmn. Joel Chaseman generally supports INTV opposition to Rochester channel, he told NATPE conference in Washington Sept. 22. He said cable operators should be able to buy programming and operate such stations, but govt. should be aware of anticompetitive potential of such factors as channel reassignment that could be related to cable stations. Setting up cable stations alone isn't anticompetitive, TCI Washington Vp Robert Thomson told same conference, saying question is whether cable takes actual anticompetitive actions. Rochester situation is "isolated instance" and "should not be seen as an industry trend," Thomson said. He also criticized Padden, saying INTV has long claimed cable is getting free ride from broadcasters and should have to go out and buy its own programming, Thomson said: "Now we're doing it and they're offended. We can't please the guy."

FCC Chmn. Sikes will have couple of busy days Sept. 26-27 in N.Y. -- capped by his maiden speech as Commission chmn. to IRTS at noon Sept. 27. He will get up early Sept. 26 to appear live with correspondent Kathleen Sullivan on CBS This Morning, followed by interview with N.Y. Times editors and reporters at 11:30 a.m. From 3-4 p.m., he will tape appearance on John McLaughlin CNN show to be aired that night. In between, Sikes will meet with several industry executives; schedule hadn't been worked out at press time. At 11 a.m., before IRTS speech, he will conduct his first fullblown news conference as chmn. Returning to custom of previous years -- back to when FCC had 7 commissioners and the 6 others would sit on podium at chmn.'s annual IRTS appearance -- other 4 commissioners (Quello, Dennis [in her last week on job], Marshall and Barrett) also will be on dais for Sikes' speech. Marshall also will use trip to N.Y. to visit top mass media industry executives -- including networks, Time Warner, others. Sikes will cap week Sept. 29 by chairing his first FCC meeting in Washington with very sparse agenda. Only 4 items are on tap, most significant of which is setting date for en banc FCC hearing, sought by NAB, to "consider matters related to the improvement of AM broadcast service." Meanwhile, Marshall has Cal. trip scheduled around Oct. 18 appearance before Caucus of Producers & Dirs. She also will meet members of production community.

National Audubon Society TV special on WTBS Atlanta was scheduled to air Sept. 24 without commercials after 9 advertisers pulled their spots from program, Turner Bestg. System (TBS) said. Pressure reportedly was applied by logging industry. TBS didn't identify advertisers, but they were known to include Ford, Dean Witter Reynolds, Stroh.

There now are 1,432 operating U.S. TV stations -- 1,082 commercial, 350 noncommercial -- with 3 new outlets starting. FCC Chmn. Sikes participated at Sept. 11 start of WHSL (Ch. 46) St. Louis, which is carrying Home Shopping Network along with local news and features. WHSL is 75% owned by brothers Steven, Michael and Mark Roberts, who are black; Steven is gen. mgr., Michael sales mgr., Garry Kenney chief engineer. Other starters: (1) KFAA (Ch. 51) Rogers, Ark., owned by subsidiary of Griffin TV; John McCutcheon is gen. mgr., Ken Hansen chief engineer, Verlene Tadlock program dir. KFAA is satellite of co-owned KPOM-TV, NBC affiliate in Ft. Smith, Ark. (2) Independent WFXB (Ch. 71) Rocky Mount, N.C., owned by Family Bestg. Enterprises (Bruce Whitehead and Robert Chandler, each 50%); Robert Pelletier is gen. mgr.-chief engineer, G.C. Hughes program dir.

WARREN ACQUIRES MOBILE SATELLITE NEWSLETTER

Warren Publishing announced that it has acquired Mobile Satellite Reports (MSR), the respected monthly newsletter covering the fast-growing global market for satellite services for aviation, trucking, rail, shipping and other mobile applications. Warren also publishes Communications Daily, Satellite Week and Space Commerce Bulletin, and a variety of other newsletters and directories. Now in its 3rd year, MSR was purchased from Capstone Communications, which continues as a Washington, D.C., consulting firm (202-638-5625). For MSR subscription information, call 202-872-9200, collect.

NEW CABLE ROYALTY EYED: Rep. Boucher (D-Va.) is considering introducing legislation that would make cable operators pay blanket royalty to carry local TV signals, he told CBS affiliate board meeting last week in Washington. Lawmaker said in interview that he believes it's time to end "affiliate subsidies" of cable.

Boucher, influential member of House Copyright and Telecom Subcommittees, already has stirred controversy with his proposal (HR-2437) to introduce telco competition to cable (TVD May 22 p10). That bill has 32 co-sponsors, and Boucher said he expects measure to gain Telecom Subcommittee attention once separate legislation (HR-2140) to ease business constraints for telephone Regional Holding Cos. clears panel. Boucher also said he has made commitment to House Commerce Committee Chmn. Dingell (D-Mich.) not to press for inclusion of cable-telco language in latter bill. Instead, he plans to pursue cable royalty concept as part of HR-2437. Must-carry and cable channel repositioning curb also were possibilities for that bill, he said.

Payments proposal he floated would have cable operators pay blanket per-subscriber fee for right to rebroadcast local TV signals. Approach would be similar to royalties already in place for cable carriage of superstation signals, he said, and would involve Copyright Royalty Tribunal (CRT) division of royalties among networks, affiliates, independents, copyright holders. Measure would mean change in existing compulsory licenses for cable, under which systems may carry local TV signals free.

Also appearing with Boucher were Subcommittee members Oxley (R-O.) and Swift (D-Wash.), who told us they didn't indicate positions they may take on Boucher proposal. They said there still were too many unanswered questions to take sides yet. Oxley told us he stressed in his remarks to affiliates that broadcasters could expect new comity between FCC and Congress, which was likely to result in far more advances on policy front than have been seen in recent years. He advised broadcasters to back away from fairness doctrine battle because it already was "lost" in Congress.

Following proposal of TV Chmn. Thomas Goodgame, NAB TV board last June authorized task force to "study the economic subsidy that broadcasters provide to cable" (TVD June 26 p4). Full complement of task force hasn't been finalized, but its first meeting is expected in early Oct. Goodgame, pres. of Group W TV, said Boucher's proposal "sounds interesting" if TV stations can benefit financially.

NCTA wouldn't comment on Boucher proposal, but CATA Pres. Stephen Effros said cable already is paying fee to programmers in form of copyright fee. He said courts never would accept situation in which must-carry and carriage fee co-existed, so new fee would simply convince cable systems to drop more broadcast signals, particularly independents.

FCC Chmn. Sikes addressed CBS group at lunch, saying that FCC's comparative renewal process amounts to "undue process" and promised agency would concentrate on that situation during his administration. Discussing competitive environment, particularly cable-broadcast-telco interplay, he said Commission will examine situation and alternatives "in the most comprehensive way we can." And, Sikes said, any U.S. HDTV system must be compatible with terrestrial broadcasting.

Atlantic Cable Show has sold out exhibit space with 411 booths, even with 31% larger area. Show is Oct. 3-5 in Atlantic City. Details: 609-848-1000.

MUST-CARRY TALKS RESUME: Negotiations have resumed on must-carry agreement, said Post-Newsweek Bestg. Chmn. Joel Chaseman, but INTV Pres. Preston Padden said that his Assn. hasn't endorsed any draft. Even if there's industry agreement, crowded legislative calendar means it's unlikely to be endorsed by Congress this year, House Telecom Subcommittee Senior Counsel Larry Irving advised at NATPE conference in Washington last week.

Chaseman said negotiations, which were spread over several days, included trade associations and operators representing cable, broadcasters and others, and he's "perhaps overly optimistic" they will be successful, probably this year. He acknowledged Congress may not act this year, but said important thing is that industry wants to resolve it. Irving said Telecom Subcommittee calendar is so crowded that chances are "slim" that hearing could even be held.

There already is draft agreement on must-carry, Cox Vp David Anderson told us. He predicted it will be well received even at INTV, whose board vetoed earlier agreement. However, Padden said INTV -- which is excluded from negotiations by NCTA -- hasn't seen any proposed agreement. Other officials said meetings among at least some of those involved in must-carry still were going on at our deadline.

Must-carry agreement won't necessarily include channel positioning, and probably is incompatible with renewed FCC interest in repealing compulsory license, Chaseman said. Irving said Capitol Hill isn't likely to pay much attention to FCC request that Congress consider repealing compulsory license: "That was not necessarily an FCC that Congress was likely to pay much attention to. It was a lame duck that wasn't highly regarded when it wasn't a lame duck." But channel-positioning issue is likely to remain important to FCC, said Brian Fontes, special asst. to Comr. Quello. Some form of must-carry agreement that includes channel positioning would provide assurance to broadcasters, he said.

Cable operators want standards on what channels they must carry and where they should be positioned to avoid being "squeezed" between broadcasters' competing demands, TCI Washington Vp Robert Thomson said. He also said MSOs would consider negotiating directly with networks for programming, bypassing local affiliates, if cable had to pay to carry local stations. He said: "If we are required to pay, in some cases large amounts of money, it becomes a routine make-or-buy decision."

Whittle Communications reported it has signed more than half of \$90 million a year in advertising it says it will need to operate planned secondary school video venture Educational Network. Knoxville company said 5 firms it didn't identify have contracted for first-year funding of \$51 million and overall support of \$149 million. Network, set to debut March 5, has been controversial because 12-min. weekday newscast it will offer will include 2-min. of advertising. While Whittle didn't name advertisers that signed noncancelable 3-year and 4-year contracts, spokesman said all but one of 10 sponsors of test phase of venture are continuing. Contracts are based on Network's reaching 6 million students, spokesman said.

NAB set up in-house task force to look into migration of sports programming from broadcast to cable TV. Members include NAB Pres. Edward Fritts, Exec. Vp-Operations John Abel, Exec. Vp-Govt. Relations James May, Exec. Vp-Gen. Counsel Henry Baumann, Senior Vp-Research Rick Ducey, Senior Vp-TV Charles Sherman.

HDTV AGREEMENT REACHED: There's international accord on colorimetry and transfer characteristics for HDTV, Advanced TV Systems Committee (ATSC) Chmn. James McKinney said last week, but international experts still are seeking compromise on some scanning parameters, line count, blanking intervals. Agreement was reached at expert-level meeting recently in Australia.

ATSC recommended State Dept. support adoption of colorimetry and transfer characteristics at International Radio Consultative Committee (CCIR) meeting Oct. 9-25 in Geneva. International consensus "certainly seems to be at hand" for some scanning parameters, McKinney said, but U.S. wants to explore possibility of square pixels based on 1,080 active lines. He said there's "very strong opinion within the ATSC" that progressive scanning is long-term future of HDTV, but interlaced scanning probably will be used in short run. Work continues toward agreement on blanking and line count, ATSC said, and it recommended State Dept. not enter negotiations on partial list of scanning parameter values until complete set is developed. Group also reported "strong private sector support" for common image format rather than regional standards.

Meanwhile, speakers at conference sponsored by Yankee Group and Telecommunications Report said HDTV won't drive installation of fiber optic cable to homes because penetration will be too slow and dispersed. Bellcore official said new projections indicate fiber will be cheaper than cable as early as 1992, rather than mid-1990s as Bellcore had predicted year ago and late 1990s projected few years ago. Telcos and cable companies will use fiber for new installations and regularly scheduled replacements. As result, Bellcore is projecting that fiber will be available to 5-6% of U.S. homes by 1996.

Nationwide integrated fiber optic network that would serve both telcos and TV would waste resources and potentially risk national TV system, speakers said. TCI Senior Vp John Sie described integrated network as "21st century Holy Grail" but said it never will be cost-effective because carrying voice, data and video would require too many technical and operational compromises. Best alternative, Sie said, is side-by-side video and teleo networks, with in-house converter that puts signal on most efficient network.

Administration is likely to act on high-technology issues within 6 months, NTIA Govt. Affairs Dir. Nancy Mason said. Package is likely to be aimed at reducing cost of capital, relaxing antitrust restrictions, making research tax credits permanent and easing U.S. companies' entry into foreign markets, she said. Mason said Commerce Secy. Robert Mosbacher hasn't lost interest in HDTV, despite indications Commerce won't focus on HDTV alone (see related story elsewhere in this issue). She admitted, however, process of developing Administration consensus on HDTV "has been difficult."

Reception for new FCC members Sikes, Marshall (who won't be able to attend) and Barrett, sponsored by Broadcast Pioneers Washington Chapter, is Oct. 4, 6-8 p.m., NAB hq, at \$20. Details: Vincent Curtis, 202-828-5720, or Marnette Clemons, 202-828-5709.

Spots promoting free TV were aired by 68% of stations responding to survey, NAB said. Majority ran one featuring former CBS news anchor Walter Cronkite, but significant percentage carried locally produced spots, survey showed.

Improved cable TV service standards will be considered by subcommittee of L.A. Board of Telecom Commissioners as result of Sept. 15 decision. Board, which has been studying service standards for more than year at request of L.A. City Council, presented report to Council earlier this year listing areas of possible improvements. Board Gen. Mgr. Susan Herman said Council generally endorsed proposed changes, but said specifics are up to Board. Subcommittee is expected to report to full Board in 2-3 months, she said. Among improvements suggested in report: (1) Automatic credits to customers for outages. Cable companies have asked that credits be provided only for systemwide outages lasting 24 hours. (2) Improved information to customers on A/B switches and providing switches free, although customer might have to pay for installation. (3) Free consumer calls from throughout L.A. area to cable companies, eliminating toll charges for those who call from work. (4) Thirty-day notice to consumers and city of all rate increases, channel changes and price structure changes such as retiering. (5) Ability to assess financial damages against cable operators that don't comply with franchise conditions, although only after due process and opportunity to correct problem. Herman said there has been concern that Board could only revoke franchise or slap violator on wrist. Board of Comrs. also expects to call public hearing within 60 days on problems involving Century franchises serving West L.A., Sherman Oaks, Eagle Rock. Herman said there have been complaints about slow pace of rebuilding system and behind-schedule work on public access facilities.

"What was once known as the Tiffany network [CBS] is becoming the Playboy network," said Donald Wildmon, exec. dir. of American Family Assn. He charged CBS is using a scene to promote new series *The People Next Door* in which a woman exposes her breasts, calling this "an insult to the American public... CBS has added a new dimension to their sexploitation. What kind of twisted, perverted mind at CBS made the decision to use this approach in promoting a new program." George Schweitzer, CBS Best. Group senior vp-communications who is in charge of promotion, said Wildmon's "accusations are misleading." He said photo that Wildmon sent news media is derived from stop action frame that can't be determined as nudity "by anyone watching the promotion or program as intended."

Convicted video pirates have been ordered to pay restitution to Satellite Bestg. & Communications Assn. (SBCA) Antipiracy Task Force (APTF) to compensate industry for stolen programming. Judge James Ellison in U.S. Dist. Court, Tulsa, ordered each of 4 convicted satellite TV pirates to pay \$2,625 for use in fighting signal theft, SBCA said. Case is first in which judge has ordered restitution to APTF, Dir. Deppish Kirkland said. Convicted were Michael Clusker, Randall Walker, Pamela Myer and Jerald Scott, all of Tulsa. Kirkland testified last month on damage to providers of programming services from modification of VideoCipher descramblers to allow free reception of scrambled services.

NCTA has produced 2 public service spots to explain syndicated exclusivity (syndex) to cable customers -- one ready to air and other as model for locally produced spot. HBO will feed spots as part of regular weekly affiliate feed (Hughes Galaxy 3, TR 2) Sept. 25, with repeat Oct. 16.

Senate Antitrust Subcommittee tentatively has scheduled hearing Nov. 1 on migration of sports to cable. Senate Commerce Committee tentatively plans Oct. 4 markup of children's TV legislation.

NTIA TO STRESS GLOBAL ISSUES: Janice Obuchowski, new Commerce Dept. asst. secy. and dir. of NTIA, plans agency agenda heavily weighted to global concerns, she told House Telecom Subcommittee hearing Sept. 21. High on agenda will be agency examination of effects of media globalization and review of spectrum use.

Obuchowski elaborated on Commerce Dept. position on HDTV, saying that contrary to some reports, Secy. Robert Mosbacher hasn't deemphasized its importance in Dept. policy considerations. "He has come to the conclusion that the problems of HDTV are in some ways not just indigenous to HDTV... but to [other] highly promising technologies," she said. "I know this is a very high priority" with Mosbacher.

Obuchowski was pessimistic about prospects for development of single HDTV production standard in wake of growing disagreement between Europeans and Japanese. She characterized their positions as "intransigent." As result, U.S. now will press for common approach on as many individual parameters as possible, she said. Suggestion that NTIA's Public Telecommunications Facilities Program (PTFP) funding be used as seed money to test HDTV appeared to intrigue Obuchowski. She noted Administration's reluctance to fund PTFP because of other budget pressures.

On media globalization, Obuchowski expressed concern at trend toward concentration. She said there could be "major" repercussions to increasing vertical and horizontal integration worldwide in mass media. NTIA will be examining structural diversity issues in coming months, including cable's increasing integration, she said. Obuchowski reserved judgment on whether telcos should be video programmers. Planned spectrum use study may be used by Congress to determine availability of frequencies for HDTV and expansion of cellular.

Obuchowski's Subcommittee appearance came in connection with panel's consideration of budget authorization, introduced day earlier by Chmn. Markey (D-Mass.). He proposed NTIA budget of \$14,554,000 in FY 1990 and \$14,713,000 for FY 1991 (HR-3310).

LIN and BellSouth have renewed call for FCC stay of Aug. 31 order by Common Carrier and Mass Media Bureaus that would allow McCaw Cellular Communications to take control of LIN's cellular, paging and TV station licenses if it succeeds in acquiring LIN. LIN said order allows McCaw to extend its \$110-per-share "hostile takeover" offer "so as to foreclose or jeopardize completion of the LIN-BellSouth merger." Tender offer, which was to expire Sept. 22, was extended to Oct. 13. About 8.1 million LIN shares have been tendered. BellSouth contended Bureaus' order violated FCC's Tender Offers and Proxy Contests policy statement and Communications Act. It said order "failed to consider the competitive consequences of consummating the takeover which will result in BellSouth and McCaw being equal operating partners of 2 of the country's largest cellular systems while competing in 13 other markets." BellSouth and LIN want to merge cellular operations and spin off LIN's 7 TV stations into separate subsidiary.

FCC last week asked Office of Management & Budget (OMB) to include \$121.5 million for agency in President Bush's FY 1991 budget submission to Congress, spokeswoman said. Federal agencies are on deadline with OMB to submit FY 1991 budget wish lists for next federal package, due early next year. There was no word out of FCC on whether request to OMB again recommended spectrum auctions.

TCI FOCUSES ON SERVICE: TCI launched what it called "aggressive initiative" to guarantee better customer service, including retraining all customer service reps, guaranteeing response to service calls within 24 hours, upgrading telephone service. Announcement carries out TCI CEO John Malone's promise to Senate (TVD June 19 p8), but TCI officials deflected questions whether it was intended to head off congressional moves to deregulate industry.

TCI immediately opened congressional campaign, bringing all state managers and divisional vps to Washington for meetings with legislators. TCI Exec. Vp J. C. Sparkman acknowledged political element of service initiative was important and said TCI plans to bring state managers to Washington to meet with lawmakers on "routine basis" in future.

TCI declined to discuss cost of customer service move, saying figures wouldn't be firm until budget process is final. It tried to reassure financial community that effort wouldn't affect bottom line or ability to service debt, while assuring customers and critics it wasn't just PR exercise. Sparkman said it certainly wouldn't cost \$50-\$100 million, but Washington Vp Robert Thomson said it involved "real money, real time and real effort."

Most of effort involves retraining employes, company said, but also includes expanding service hours into evening for most systems, installing new telephone equipment, setting up regional telephone centers in each state to take calls on 24-hour basis, relocating or upgrading offices of many systems to make them more attractive to customers and employes. Customer service personnel will be given authority to make automatic refunds for system outages and other problems, and Sparkman added last-min. guarantee that service truck would roll within 24 hours of call.

Ending long and complicated legal wrangle -- at FCC, in courts and in Congress -- Rupert Murdoch's Fox TV Stations last week sold WFXT (Ch. 25) Boston to principal owners of Boston Celtics for reported \$20-\$25 million. Sale of either TV or Boston Herald was required under FCC rules because of common ownership by Murdoch -- who acquired WFXT from Christian Bestg. Network for \$28 million in 1986. Murdoch originally had asked up to \$35 million when he put station on market. Celtics official said station would remain Fox affiliate and that Celtics' games probably would shift to WFXT when current contract with independent WLVI-TV Boston expires after next season. Media Access Project Dir. Andrew Schwartzman said of sale: "We will defend his [Murdoch's] right to the death to publish sleazy newspapers and broadcast trash television -- but not in the same city."

William Moll resigned last week as pres. of TvB, effective Oct. 31, to become vp-gen. mgr. of WNBC-TV N.Y. He will replace Carl (Bud) Carey, now head of Times Mirror Bestg. Moll headed Harte-Hanks TV stations (which have been sold) before going to TvB. Search committee, chaired by Paul Hughes, King World Bestg., has been formed to find successor -- whom TvB said it hopes to have in place by Oct. 20.

TvB is projecting total broadcast TV revenues will increase 7.1% in 1990, outpacing anticipated rises of 6.2% in gross national product (GNP) and 4.6% in Consumer Price Index. TvB expects local spot to grow 6-8%, national spot 5-7%, network 6-8%, national syndication 15-17%. Local TV advertising will be helped by 1990 elections, with \$180-\$200 million expected to be spent on stations, TvB said.

'TEACHER, CONSCIENCE, WATCHDOG': Journalists must be "a teacher, a conscience and a watchdog," according to moderator Michael Josephson on panel at RTNDA convention Sept. 16 on "Journalism Ethics: Where's the Line Today?" in Kansas City. He said there's real question whether journalists are "taking seriously enough" their functions as teachers: "There is an enormous tendency to give people what they want, and nobody wants hard stuff." One of news departments' ethical challenges "is to be a teacher and to teach about things that matter," he said. Enormous pressures build to avoid controversial issues and "as you become more and more responsive to the advertising pressures, there's the danger that you stop becoming a [public] conscience because it's just too costly."

Josephson said media do excellent job as watchdogs, "but there tends to be a 'gotcha' journalism mentality where too often it seems as if it's a game. Unimportant stories are made more important because you need 'the scandal of the week'... A lot of the problems you whine about, a lot of the problems you are concerned about you make yourselves and you have the potential for solving them." People tend to judge themselves on their intentions rather than their actions, said Josephson, pres. of Josephson Institute for the Advancement of Ethics: "Every group I've ever dealt with thinks more highly of their own ethics than outsiders do."

Asked about ethics of broadcast journalism today compared with 15 years ago, 56% of audience said it's lower, 18% about same, 23% higher, 4% "much higher." Kansas City Mayor Richard Berkley disagreed with figures, said ethics of local TV are "quite good, quite high." Jack Anderson, syndicated columnist-commentator, agreed, saying there's been improvement in broadcast journalism ethics. Av Westin, ex-ABC news producer now with King World Productions, said broadcast ethics is about same as 15 years ago, but in some areas "there has been a sharp decline in the understanding of what ethical behavior really is." Others, on panel and audience, disputed Berkley and Anderson, with one person from audience saying professional journalists made a lot more decisions as to what was important for viewers "before the advent of consultants... There's more flash and trash and less economic and political news."

Members of audience of news directors were asked how many times in last year they had done something "unethical or at least ethically dubious." Answers: 17% said they hadn't done anything unethical; 52%, 1-2 times; 25%, 3-9 times; 23%, 10-20 times; 2%, more than 20 times.

CBS News State Dept. Correspondent William Plante told RTNDA closing day lunch that stations have become major players in national news -- previous province of networks -- but that too much reliance is placed on technology. "We are awash in a sea of trivia with nothing to say... simply because the technology is there," he said, with many stations "way ahead of the networks" in using technology. He criticized some licensees who, he charged, "are only interested in taking the money out." Of tabloid TV, Plante said: "I'm not sure we need to lose any sleep over that."

In accepting RTNDA's Paul White Award at closing banquet, Turner Bctg. Chmn. Ted Turner said: "I've certainly gotten mellow -- indeed I have." He said it's not right that all of free TV revenues come from advertising because it puts too much pressure on networks and stations to win higher ratings: "You get out of the news business and into the rating business... TV news is so powerful that we

have a responsibility to have an influence" on public. He said that if TBS's planned Newsroom works for younger school children, channels will be added "very quickly" for those of preschool and high school ages.

RTNDA delegates debated, tabled, then adopted, resolution on use of simulations and recreations in news programming that was strengthened on floor. It urges "all broadcast news organizations to take all steps possible to avoid any confusion in regard to the use of simulations" and "encourages electronic journalists and producers of news magazines and 'reality-based' programs to visually and audibly identify recreations and simulations at the time of broadcast."

Exhibit space for 1990 RTNDA convention in San Jose is nearly sold out, Exhibit Mgr. Edward Barker said. Cost has been raised to \$15 per sq. ft. from \$14. Attendance in Kansas City reached 1,488, vs. 1,484 who registered at RTNDA in Las Vegas last Dec. Auction of celebrity items and vacations raised more than \$9,000 for RTNDA Foundation.

ESPN doesn't plan incremental fee increase as result of new \$400-million Major League Baseball contract, Pres. Roger Werner said. He told Washington Metropolitan Cable Club Sept. 21 that boosts in ESPN fees for foreseeable future aren't expected to exceed inflation rate because network will retain balance between expensive programming, such as baseball and National Football League, and less expensive sports. Werner said ESPN isn't likely to make large bid for Olympics coverage, for example, because it "can't afford everything." Werner downplayed broadcaster complaints on migration of sports to cable, repeating claims that amount of sports on over-air TV has been growing and is likely to continue to do so in 1990s. ESPN strategy is never to try to corner market, he said, but to offer packages that complement broadcast. Major events such as Super Bowl aren't likely to move to cable in immediate future, Werner said, but there's "no reason" they couldn't be on cable when penetration reaches 90%. He saw no need for govt. intervention in cable unless "overloaded balance sheets or short-sightedness" cause operators to short-change customers. He cited N.Y. example, where Cablevision tried to package ESPN with other sports networks as pay service. Werner said ESPN objected to being "held hostage" by operator and said such actions "risk tarring the entire industry."

On 4-1 vote, 5-judge committee of U.S. Judicial Conference recommended that cameras and microphones continue to be banned from federal courtrooms. Committee said that "circumstances have not changed so drastically" as to justify relaxing ban, recommended that "technological advances and the experiences of states" that permit court coverage be monitored to determine whether federal restrictions should be lifted or modified. Judge John Moore of 10th U.S. Appeals Court, Denver, favored ending blanket ban. Report was written by committee's chmn., Judge Robert Peckham of U.S. Dist. Court, San Francisco. U.S. Supreme Court Chief Justice William Rehnquist, who heads Judicial Conference, has said: "If I were convinced that coverage by television of the Supreme Court would not disrupt the way we do business, I would give it sympathetic consideration." Now, 44 states allow some form of broadcast coverage of courtrooms.

FCC has issued notice to station mgrs. and engineers on broadcasting in emergencies. Details: 202-632-3906. After business hours: 202-632-6975.

FAIRNESS DOCTRINE REDUX: Another effort to block reimposition of fairness doctrine by Congress is expected to come to head today (Sept. 25) when House Rules Committee will decide whether to permit floor debate later in week on amendment by Republicans to strip proposed mandatory restoration of doctrine from budget reconciliation package (TVD July 17 p6). Committee isn't expected to accept amendment.

Request for new debate came Sept. 21 from Rep. Oxley (R-O.), member of House Telecom Subcommittee. He told Committee doctrine is unrelated to budget concerns and shouldn't remain in reconciliation package. He said bill's proposed fines for doctrine violations merely are window dressing to make provision germane. "The FCC has never collected fines for violation of the doctrine, and has not sought for congressional authority to do so," Oxley said. He cited Congressional Budget Office report that doctrine would cost FCC \$100,000 more annually for enforcement. He also restated usual constitutional arguments against govt. influence over TV-radio content, and said provision invites veto of entire bill by President Bush.

Defense was mounted by House Commerce Committee Chmn. Dingell (D-Mich.) and Telecom Subcommittee Chmn. Markey (D-Mass.), who told panel proposed fines could raise needed federal revenue and concept of fairness doctrine enjoys broad bipartisan support in House. Dingell also defended proposed increase in FCC regulatory fees. Also in bill is dial-a-porn ban, which has wide House support and wasn't contested before Rules panel.

TV networks have asked FCC to deny AT&T's Sec. 214 application to discontinue Terrestrial TV Service (TTS) at many locations and to restructure it at others. Networks also have asked Commission to reject 572% increase AT&T had proposed in related TV switch service as part of separate, but related, proceeding. Networks told FCC they "stand ready to work with AT&T, the Commission and other television service users" to find facilities that can be taken out of service or costs that could be eliminated. But in asking agency to reject AT&T's application, networks said they and other TTS customers are facing: (1) Significant reduction in analog service through discontinued service at more than half of TTS locations. (2) Elimination of universal connectivity between TTS locations that won't be put out of service. (3) 572% increase in television switch operation service needed to use TTS.

Cable industry must tell its story more actively "not just in Washington, but in every community we serve throughout the country," NCTA Pres. James Mooney told Great Lakes Cable Expo, Columbus, O., Sept. 21. He cited long list of cable successes, including: (1) Improved and expanded original programming. (2) Operators' contributions of \$3 billion in 5 years to local govt. in form of franchise fees. (3) Fact that 56% of Americans have cable because they want it. If operators promote cable more actively in their communities, it will pay dividends in Washington, he said. New industrywide push for customer service is "increasingly important," Mooney said. He said consumers are becoming more sophisticated, and servicing them is important part of increasing penetration of homes already passed. Service also is important politically, he said.

MGM/UA said it has accepted latest Qintex bid of \$1.45 billion. Two companies controlled by Rupert Murdoch had submitted last-min. \$1.35-billion offer, but Australian firm Qintex topped that.

News media coverage of Congress was examined by House Ethics Task Force last week in forum involving reporters. Task Force is struggling to come up with new ethics guidelines for House. Reporters declined to recommend changes in House ethics code, however, saying that to do so would be to cross line between observer and advocate. Dozen reporters invited to speak at forum refused for same reason. Legislators focused on how they believed complicated or positive news from Congress often is slanted to focus on latest scandal or scam. Result is that both politicians and news media are more intent on grabbing headlines and scoops than reporting routine news about legislative process, Rep. Obey (D-Wis.) said. Sara Fritz, L.A. Times congressional correspondent, disagreed strongly, saying media scrutiny isn't unusual. She said what's new is "perceptible" decline in congressional ethics and increased competition between broadcast and print media that turns such stories into good fodder. But Ken Bode, former NBC political correspondent now dir. of Contemporary Media at DePauw U., said press was on "binge" that has strained relations with politicians. He cited growing use of unsubstantiated rumors in news reports, and of leaks and sources. As one answer to dilemma, Tom Oliphant, Washington correspondent for Boston Globe, called on media to improve coverage of themselves -- "we're doing a terrible job."

European Community (EC) foreign ministers still hope to agree at meeting Oct. 2-3 in Luxembourg on EC-wide policy allowing cross-border TV transmissions by stations, networks and satellites. Deadline for agreement is Oct. 5, but it could be extended. Key issue remains requirement for Europe-originated programming. Policy to be debated would require that majority of programming be Europe-originated "where practical," but some countries want higher European content and French are seeking stringent definition of term "where practical." Program content issue is important to U.S. producers, who have met with EC commissioners and staffs to push for open market for their shows. Producers told EC that nationality restrictions don't improve quality of TV or cinema and raised possibility of consortium of Europeans, Americans and others that would encourage formation of international joint production ventures. In Paris last week, U.S. Trade Representative Carla Hills objected to proposed EC policy, saying it would limit U.S. programmers' access to European market. EC's Eureka program, meanwhile, is sponsoring European Audiovisual Conference in Paris Sept. 30-Oct. 2 to discuss long-term strategy for Pan-European broadcast regulation. Annenberg Washington Program Senior Fellow David Webster is among speakers.

Worth quoting: "When a bureaucrat makes a mistake and then persists in making it, it soon becomes policy" -- FCC Comr. Quello speaking Sept. 20 to Mich. Bar Assn. in Lansing. He said that in nearly 16 years on Commission "I've seen a productive evolution from overregulation to deregulation to unregulation to marketplace self-regulation with occasional counterproductive lapses into unregulatory excess." Quello said new Chmn. Sikes "has inaugurated an era of regulatory glasnost and perestroika. The next move is to speed up Commission processes and effect more prompt action."

FCC released Information Resource Management Plan (IRMP) on support programs and objectives for next 5 years. IRMP "is based on legislatively defined" missions and goals, it said, and helps assure that decisions "are based primarily on needs rather than costs and that ongoing agency mission priorities are served." Copies: International Transcription Service, \$41, 202-857-3800.

Personals

Ralph Everett, chief counsel and staff dir., Senate Commerce Committee, leaves Oct. 31 to join Paul, Hastings, Janofsky & Walker as partner and head of law firm's Legislative Practice Group; he will be succeeded by **Kevin Curtin**, senior counsel, Senate Consumer Subcommittee... **Dan Craig**, exec. asst. to Senate Communications Subcommittee Chmn. Inouye, leaves Oct. 10 to become NCTA dir.-legislative policy; his duties will be split between legislative assts. **Milae Luuwai** (communications) and **Eric Scheinkopf** (State Dept., international trade).

Andrew Fishel, dir.-financial and resource management services, EEOC, joins FCC Oct. 9 as managing dir., succeeding **Edward Minkel**, retired; **Noel Gunther**, senior legal asst. to outgoing FCC Comr. Dennis, becomes senior vp-co-owner Oct. 2 of Inter Active Mktg. (Washington), which provides marketing support for stations.

Thomas Rogers, pres. of NBC Cable, addresses Oct. 17 lunch of Media Institute, Washington... **John Sloan** advanced to pres.-gen. mgr., KWQC-TV Davenport, Ia... Reelected to RTNDA board for 2-year terms: **Debbie Bolton** (who was dismissed recently as assignment editor at WTOC-TV Savannah, and paid her own way to RTNDA convention in Kansas City) and **Thomas Luljak**, WTMJ-TV Milwaukee news dir... **Eleanor Timberman**, ex-ABC, returns to NBC as vp-daytime programs-East Coast.

Peter Allen joins AAF as dir.-communications and editor, quarterly magazine American Advertising... **Robert Hallahan**, dir. of news bureau, NAB, retires Nov. 30 after 26 years with Assn. **Gregory Miller**, vp-TV operations, Great American Bestg., to join Tribune Entertainment as vp-programming... **Barry Barth**, ex-vp-gen. mgr., WFSB Hartford, moves to KREM-TV Spokane in same capacity... **Charles Edwards**, ex-INTV chmn., takes early retirement as Gaylord Bestg. exec. vp and gen. mgr. of KTVT Dallas-Ft. Worth after 27 years with company; **Ed Trimble**, vp-gen. mgr. of Gaylord's KHTV Houston, named KTVT vp-gen. mgr.; **Steve Mauldin** promoted to gen. mgr., KHTV.

John Lynch, M/A-Com pres., named acting CEO, succeeding **Thomas Burke**, fatally injured in car accident Sept. 21... **Rob Correa** promoted to dir.-sports programming and acquisitions, USA Network... **Martha Johnston**, deputy dir., office of Sen. McConnell (R-Ky.), to move to USIA as dir.-congressional liaison... **Robert Baker**, ex-exec. vp, Tvb, joins Nashville Network as mgr.-planning and development, new post... Additions at law firm Wiley, Rein & Fielding: **Richard Bodorff** and **Jonathan Emord**, both ex-Fisher, Wayland, Cooper & Leader, as member and associate, respectively.

Robert Wright, NBC pres., delivers keynote Jan. 16 at NATPE conference, 10 a.m., New Orleans Convention Center. **William Hammond** promoted to vp-eastern sales, ABC TV Network Group... Changes at TV Guide: **David Sender** resigns as editor, acknowledges editorial "differences" with owner Rupert Murdoch; **Jack Blanchard** resigns as consumer electronics category ad sales mgr., plans unannounced..

David Nuell, exec. producer, Entertainment Tonight, and former WRC-TV Washington station mgr.-news dir., returns to NBC as senior exec. producer, Today show; he also will work on development of new NBC Entertainment daytime show and sports program for network's coverage of 1992 Barcelona Olympics.

Promotions at Knight-Ridder: **W.H. Harwell** to senior vp-operations; **Jay Harris**, asst. to pres., adds post of vp-operations... Additions at WNBC-TV N.Y.: **Eric Dausman**, ex-NBC Best. Systems Engineering, as dir.-engineering and operations; **Paula Walker**, ex-exec. news dir., KHOU-TV Houston, as asst. news dir... Changes at WTTW Chicago: **Katherine Lauderdale** promoted to vp-gen. counsel; **Marianne Chelovich** joins as mktg. development mgr.

Cable Transactions: Comcast will sell Huntsville, Ala., system to Bresnan Communications Ltd. Partnership. System has about 40,000 subscribers. Comcast also agreed to buy all systems of Comcast Cable Investors Ltd. Partnership... Warner Cable has acquired Tele-Media cable systems in several Ohio communities with total of 30,557 subscribers. Broker: Daniels... Melanie Cable Partners will buy 18,000-subscriber Gainesville, Ga., system from United Artists Holdings. Melanie is new limited partnership created by Leo Hindery of InterMedia Partners... ATC will buy systems with 15,000 subscribers in Altamonte Springs, Lake Mary and Seminole County, Fla., from SCI Holdings subsidiary Sanlando Cablevision... TCI agreed in principle to buy 100% of First AmeriCable for cash; it involves 5,800 subscribers.

Lawyers for Richard Nixon have been unsuccessful in attempt to persuade ABC TV Network and sponsor AT&T not to air 3-hour dramatization of book "The Final Days" about events leading up to Nixon's resignation in 1974. According to N.Y. Times, Nixon attorney William Griffin implied in letters to network and advertiser that Nixon could sue for libel and invasion of privacy. Griffin wrote that Nixon "objects strongly to being depicted by an actor without his consent." ABC spokesman said no changes were made in program -- based on book by Bob Woodward and Carl Bernstein -- as result of complaints and it would air Oct. 29 as scheduled. He said Nixon and his lawyers won't be allowed to prescreen program.

Premier Advertiser Sales has been formed by Paramount TV and MCA TV to sell ads in programs distributed by 2 companies. Premier expects to be in operation Oct. 1. **Marc Hirsch** of Paramount will be pres., **David Brenner** of MVA exec. vp. Premier also will sell programming distributed by Orbis Communications.

Total cable bills dropped 0.9% in Aug., according to BLS Consumer Price Index (CPI), while CPI for all consumer items rose 0.2%. Aug. cable decline was change from growth rate that exceeded CPI in July. For year to date, cable bills have grown 1.4% and overall CPI 3.4%. BLS didn't report trend in monthly rates.

NCTA has appealed FCC decision okaying GTE of Cal. fiber optic experiment in Cerritos. FCC approved GTE's application to set up fiber portion of Cerritos experiment and waived cable/telco cross-ownership rules.

OBITUARY

Forbes W. Blair, 62, senior partner in Washington law firm Blair, Joyce & Silva, died Sept. 19 of cancer at Montgomery General Hospital (Md.). After serving in Navy in World War II, he received law degree from W.Va. U. in 1952 and moved to Washington as asst. U.S. attorney. In 1957, he joined Welch & Morgan, becoming partner in 1964. He moved to Bilger & Blair in 1969, formed present firm in 1983. Wife, daughter, son survive.

Consumer Electronics

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

STATE OF THE INDUSTRY

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

	SEPT. 2-8	1988 WEEK	% CHANGE	AUG. 25- SEPT. 1	36 WEEKS 1989	36 WEEKS 1988	% CHANGE
TOTAL COLOR.....	253,637	345,217	-26.5	607,044*	14,083,011*	12,663,570	+11.2
DIRECT-VIEW...	251,369	339,327	-25.9	598,156*	13,946,681*	12,497,756	+11.6
PROJECTION....	2,268	5,890*	-61.5	8,888*	136,330	165,814	-17.8
TOTAL VCR.....	126,804	180,941	-29.9	381,335*	6,896,612	7,265,005	-5.1
DECKS.....	107,884	156,136	-30.9	302,039*	5,627,731	6,119,725	-8.0
CAMCORDERS....	18,920	24,805*	-23.7	79,296*	1,268,881*	1,145,280	+10.8

Color TV 5-week moving average: 1989--396,140; 1988--399,141* (down 0.8%).

VCR deck 5-week moving average: 1989--191,130; 1988--195,179 (down 2.1%).

Camcorder 5-week moving average: 1989--43,011*; 1988--38,721 (up 11.1%).

* Record for period.

DELAYS IN BIG-SCREEN TUBE EXPANSION: Road to giant-screen picture tube production in U.S. apparently is strewn with giant-sized obstacles. Matsushita Electronics' \$160 million plant in Troy, O., originally scheduled to start production this spring (TVD March 14/88 p10), now is tentatively earmarked for dedication next spring -- one year late. Plans by Philips and Mitsubishi for new big tube plants in U.S. apparently have been delayed -- neither one is believed to have selected site yet.

Matsushita Electronics plant is in pilot production, according to spokespersons for Matsushita in U.S. and Japan, but dedication will be delayed until "all contractors are out of the building and both lines are ready," Matsushita source in U.S. said. Japanese reports indicate plant will turn out 50,000-60,000 tubes this year, mainly 31", increasing to more than 30,000 monthly in regular production in 1990. Matsushita Electronics is 65% owned by Matsushita, 35% by Philips.

Philips' search for U.S. big-tube plant site didn't meet hoped-for goal of summer. Target for decision now is year-end, we were told by Dir. Herman Troost of Display Components Business Group in Eindhoven. However, company is expanding plant in Aachen, W. Germany, to build 31" tubes in standard 4:3 aspect ratio, he told us, along with widescreen (16:9) tubes in 34W" and 30W" sizes -- sampling 34W" by Dec., production in Oct. -- with no plans for any standard tubes above 31".

Toshiba was first actually to start big-tube production in U.S., its Horseheads, N.Y., plant having begun output last month (TVD Aug 28 p12); it's designed to turn out 30" and 32" tubes. Thomson's Marion, Ind., plant is being enlarged to add 31" tube output, due next June, and 35" in Jan. 1991, with capability to add widescreen models (TVD June 5 p8). Its plant in Italy is in pilot production of 34W" widescreen tubes, with regular output due in first quarter.

Sony is contemplating 32" Trinitron production in San Diego. Mitsubishi, which makes 35" and 31" tubes in Japan, has been discussing possible U.S. plant site for well over year, but there's been no word on any final decision. Zenith has applied for Defense Dept. grant to make giant Flat Tension Mask tubes for HDTV.

Matsushita's color tube plant in China -- whose formal dedication was delayed by upheaval there -- actually started pilot production in Aug. Dedication now is scheduled for Oct. The 50-50 venture with Beijing govt. will make 20,000 tubes monthly at start, expanding to 500,000 next year and eventually one million annually.

SONY TESTS RENTAL OF VIDEO WALKMAN, TAPES: Rental of Video Walkman hardware and software to affluent commuters -- key target market for its 8mm personal video system -- has begun in pilot Sony

project in N.Y. In test patterned after successful program on Japan's Bullet Train, 2 N.Y. retailers have been selected by Sony to rent Video Walkman (VW) portable combination LCD color TV sets and 8mm VCRs, complete with recorded cassettes, at major city commuter terminals.

Sony, meanwhile, is saying its 8mm camcorder sales in U.S. are up 50% from last year at time when total industry sales have risen only 10.8%. Also last week, Sony introduced new camcorder in U.S., started deliveries of minicamcorder previewed at Summer Consumer Electronics Show (TVD June 5 p15) and introduced new, smaller Video Walkman in Japan.

VW rental program started last week, will continue through year-end, after which it will be expanded to other cities if successful. In Grand Central Terminal area, serving commuters to N.Y. and Conn. suburbs, Grand Central Radio will handle rentals. At World Trade Center, terminal for buses and PATH trains to N.J., rentals will be by Capital Audio. Each dealer will have 60 8mm titles, including 50 movies (Accidental Tourist and Coming to America were cited) and 10 how-to, travelogs, etc.

Rental charge is \$9.95 for one day, including one cassette; \$19.95 for weekend, with 3 cassettes; \$49.95 for week, 7 cassettes. Additional tapes will rent for \$1.50 each. Dealers will hand out leaflets at terminals to promote activity, and Sony will provide point-of-purchase material, posters and newspaper ad copy but not ads. Commuters will charge rentals on credit cards, being held responsible for price of VW if they don't return it. Although he declined to say so specifically, Sony Personal Video Mktg. Vp Yuki Nozoi indicated program would be largely underwritten by Sony, which will rent -- not sell -- VWs and cassettes to dealers. Dealers are free to build own programs around rentals -- such as applying week's rental fee toward purchase of VW.

"This is not a major profit center for dealers," Nozoi said -- and it's obviously not one for Sony, either. Main purpose, he indicated, is "broader exposure" for Video Walkman, "to put it in a real-life situation to people who are our prime marketing prospects." Although VW has built-in TV from which it can record, obviously main use will be watching movies on train or bus. Model being rented is original VW, has 3" LCD color screen, lists for about \$1,400, generally sells at just under \$1,000.

In Japan, meanwhile, Sony introduced even smaller Video Walkman using its new supercompact FL mechanism, also with 3" screen, listing at equivalent of \$960. It weighs less than 2 lb. without battery, is 30% smaller than original 3" VW, with dimensions slightly larger than 2 VHS cassettes. It can play 2-1/2 hours on single battery charge. Its LCD panel doesn't fold as in original 3" or 4" models. Also introduced was companion 1-lb. video camera at about \$550, with 6:1 zoom, remote zoom control, autofocus, high-speed shutter, digital superimpose, titling. No export plans for either product were disclosed.

In U.S., Sony's Nozoi radiated confidence in 8mm format, even though he said U.S. 1989 camcorder sales will end up at 2.2-2.3 million instead of 2.5 million forecast earlier this year. "Arguments about the format issue are over," he declared. "People are now just looking for the best camcorder to save their memories." Unlike full-size VHS and VHS-C, he said inventories of Sony's 8mm camcorders aren't high. "With our inventory management program," he said, "we feel no need to compete" with closeouts of last year's VHS models. He said 8mm now represents about 35% of U.S. camcorder sales, full-size VHS 60%, VHS-C 5%.

To underscore his comments, Sony introduced new camcorder, 4th in its "family" series, 8:1 zoom model whose manual controls can be covered up by sliding cover to make it point-and-shoot model. It has 3-lux sensitivity, edit search, 1/4,000 sec. top shutter speed, will sell at \$1,400.

U.S. deliveries are just beginning on Japan's hottest selling Sony camcorder -- tiny, feature-laden, almost pocket-sized unit weighing less than 2 lb. at \$1,500 list. It will be available in white as well as black. Last July, that single model accounted for 50% of all camcorder shipments in Japan, Nozoi said. Sony plans to double production capacity next month for miniaturized version.

PRODUCT MIX CONTINUES SHIFT TO TABLE MODELS: Big-screen table models were fastest-growing segment of color TV industry in first 8 months of 1989, while console sales continued to slip and take smaller share of overall market. Total projection TV sales dropped significantly in Jan.-Aug. from year earlier, but sales were up in largest screen-size category.

Console TV sales declined 8.9% in 8 months, and share of product mix dropped to 10% from 12.3%, according to published industry figures. Only console category to show sales improvement was 27-29", which rose 24.9%. Sales of big-screen table models (25" and over) rose 21.8% and their share of total table model

sales increased to 16.6% from 15.4%. Drop in consoles pulled down total big-screen increase to 8.2%. In portable-table category, 19" sales fell only slightly, while 20" category increased 44.2%.

Breakdown of projection TV sales shows 45"-and-over models doing much better than smaller sets in first 8 months. Share of 44"-and-under TVs plunged to 28.5% from 44.6% in 1988, while share of those 45" and over jumped to 71.5% from 55.4%.

COLOR TV PRODUCT MIX, SALES TO DEALERS
Jan.-Aug. 1989 vs. Jan.-Aug. 1988

	1989 Sales	1988 Sales	% Change	1989 % Share	1988 % Share
Portable-Table Models	12,331,678	10,661,674	+15.7	90.0	87.7
8" and under....	263,745	247,119	+ 6.7	1.9	2.0
9-12".....	338,937	389,261	-12.9	2.5	3.2
13-14".....	2,921,754	2,560,637	+14.1	21.3	21.1
15-19".....	3,142,817	3,246,986	- 3.2	22.9	26.7
20-24".....	3,389,429	2,350,129	+44.2	24.7	19.3
25".....	834,958	565,883	+47.5	6.1	4.7
26".....	595,652	756,683	-21.3	4.3	6.2
27-29".....	787,622	489,956*	+60.8	5.8	4.0
30" and over....	56,764	55,000*	+ 3.2	0.4	0.5
Consoles.....	1,363,634	1,496,755	- 8.9	10.0	12.3
25" & under....	582,821	765,876	-23.9	4.3	6.3
26".....	402,263	414,713	- 3.0	2.9	3.4
27-29".....	328,977	263,382	+24.9	2.4	2.2
30" and over....	49,573	52,784	- 6.1	0.4	0.4
TOTAL DIRECT-VIEW...	13,695,312	12,158,429	+12.6	100.0	100.0
Projection.....	134,062	159,924	-18.2	100.0	100.0
44" and under...	38,234	71,320	-46.4	28.5	44.6
45" and over.....	95,828	88,604	+ 8.2	71.5	55.4
GRAND TOTAL.....	13,829,374	12,318,353	+12.3	100.0	100.0

* Estimates. EIA reported 27-29" and 30" and over as one category in 1988.

RCA POSITIONS ITSELF AS HIGH-END TECHIE LINE: Thomson Consumer Electronics (TCE) search for brand name for its high-end products apparently is over. The choice: RCA.

In announcing fall ad plans last week, Thomson said it would push RCA as technologically advanced line appealing to "video-involved" consumers while retaining appeal to its traditional, somewhat stodgier customers. Conceding "there's an internal debate" on adding new brand name, Pres. Martin Holleran of TCE Sales & Mktg. Americas said: "In the U.S., we think [any 3rd brand name for TCE] should have a strong association with RCA -- so it may [eventually] be 'RCA Something' at the high end of the market," reminiscent of Colortrak 2000.

To reach technically conscious consumer, Gen. Mdsgr. Mgr. David Croner said, RCA will spend 2-1/2 times more this fall than last in merchandising and ad programs. Mktg. Communications Mgr. Bruce Hutchison said campaign will stress 31" color and Pro Edit Camcorder. Camcorder commercials on broadcast and cable TV will state that they were made and edited with RCA consumer camcorder. Slogan, "No. 1 With the Toughest Critics in the World," will continue to be theme. Advertising geared to 50th anniversary of TV will offer free 90-day and 6-month consumer financing. And, as part of bid to "get back high-tech leadership from the Japanese," as Hutchison put it, RCA will sponsor Granatelli Team car in Indianapolis 500 race.

RCA gained more than 3 points in VCR market share while holding its own in color TV and camcorders, Holleran told N.Y. news conference last week. He forecast industry color TV sales of 22 million, VCRs 9.5-10 million, camcorders 2.3 million this year. "Color TV prices have been holding firm," he said, normal 4-6% annual erosion having fallen to 4% last year, less than 2% this year.

Citing "great strides... in our bottom-line improvement," Holleran credited realigned RCA distribution as "key element." "Basically," he said, "we went from a program of 36 independent distributors to a regional network managed by 12 of our best people. Today, we have 12 profit-and-loss centers selling direct to 100% of our large metropolitan markets."

Asked about 8mm, Holleran conceded it has "clearly taken over the small size [camcorder] format this year because dealers made money on the product." It's still "primarily the business of one manufacturer, [but] when others get in, the whole business is going to change." He said company is watching both 8mm and VHS-C, indicating it could return to VHS-C next year, but was noncommittal on 8mm except to say "we're always looking at it." As for S-VHS decks and camcorders: "Nothing's happening, primarily because of [lack of] software. The products simply do not sell."

Laser videodiscs: "I think we'll be in it [eventually] -- we sure are looking at it," including all types of laser systems development at Thomson labs (TVD Sept 4 p9). Personal video: "A very small market, a very expensive product -- we're not in it in any serious way yet. We're investing 99% of our effort in our core products. We're looking at it, working with some vendors, but it's not a major thrust."

Under questioning, Holleran elaborated on plans to bring RCA name back to audio (TVD Sept 18 p11): "We hope to be in it late next year. It's a logical extension of the audio business we're already in [under other brand names]. The RCA name will be on audio and communication products," which will be of "higher level" than GE audio. This will include rack systems and components, "way above the \$400-\$600" of GE rack systems. "Over time, we will be into specialty audio houses, but we'll probably start where our strength is" -- in mass market.

75 MILLION VCRs: The 75-millionth VCR in U.S. was sold in week ended Sept. 8, according to our compilation of EIA figures on sales to dealers and import data. Latest Nielsen figures show 65.8% of TV households had VCRs in July 1989, which would work out to just over 59 million VCR families. In table below, figures for 1975-1977 are based on import data and our estimates, later years using EIA sales to dealers. Numbers include both VCR decks and camcorders.

TOTAL VCR SALES BY YEAR

Year	Sales	Cumulative
1975.....	30,000	30,000
1976.....	55,000	85,000
1977.....	160,000	245,000
1978.....	401,930	646,930
1979.....	475,396	1,122,326
1980.....	804,663	1,926,989
1981.....	1,360,988	3,287,977
1982.....	2,034,797	5,322,774
1983.....	4,091,321	9,414,095
1984.....	7,615,791	17,029,886
1985.....	11,853,118	28,883,004
1986.....	13,174,183	42,057,187
1987.....	13,305,999	55,363,831
1988.....	12,792,255	68,156,086
1989 (36 weeks)	6,896,612	75,052,726

Canon is supplying 8mm camcorders to Tocad, Japanese camera equipment maker that produces Sunpak video lights, to be sold under Canon brand in U.S. Canon has made first shipment of 1,000 camcorders to Tocad, Japanese sources said, and sales will start in Oct. through camera stores here. Tocad also will sell Canon-made camcorders in Europe later. Canon USA Vp Everett (Sparky) Wren told us deal was promotional effort involving special limited-edition camcorder. Canon is making 30,000 8mm camcorders monthly for U.S., Japan and Europe markets. It says it will try to expand OEM business through similar arrangements with other camera manufacturers.

DIGITAL SOUND ON FILM: Eastman Kodak and Optical Radiation Corp., Azusa, Cal., said they have developed process to print digital optical sound track directly onto motion picture film. Process, result of 2-year joint research, could be used in feature films by 1990, they said. They didn't say whether technique will have any consumer electronics applications.

Technique involves use of specialized camera developed by Optical Radiation that encodes digital sound track onto new film negative made by Kodak. Digital decoder, also made by Optical Radiation, adapts to standard movie theater projector and converts digital track into sound.

Kodak and Optical Radiation will jointly commercialize system, called Cinema Digital Sound (CDS), and will introduce technique to film industry in early 1990. Joerg Agin, vp-gen. mgr. Kodak Motion Picture & Audiovisual Products Div., said discussions are in progress on production of first feature film using process. He said technique doesn't add cost to film except for additional equipment needed by theaters.

Japanese HDTV receivers more compact and lower priced will be demonstrated by Matsushita, NEC and Toshiba at Japan Electronics Show Oct. 19-24 in Osaka. Products could become available this year, and it's estimated that prices will be under \$69,000, down from current \$200,000-plus (TVD Feb 20 p9). Matsushita says it's ready to take orders for 50" projection TV that receives Hi-Vision, Clearvision (EDTV) and NTSC, but deliveries won't begin until July 1991. Target price will be around \$1 million yen (\$6,900) when annual production reaches 10,000.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 145 yen = \$1, except where noted.

NTSC DISCS PLAY IN U.K.: Opening up possibility of harnessing vast repertory of American videodiscs to break no-software bottleneck that has held back laserdisc in Europe, new player that can play NTSC discs over many PAL TV sets received informal premiere in London last week.

Although set was made by Pioneer, it was displayed by Laser Disc Distribution (LDD), independent Scottish distributor, at Hi Fi News of London Show. In effect, it seemed to be player that Pioneer last month told us didn't exist (TVD Aug 21 p12). Player is model CLD 1450 combi, which is due for sale in Nov. in U.K. It differs from PAL-only CLD 1400 introduced last month in Berlin (TVD Sept 4 p12). We originally reported an upcoming PAL player that also could play NTSC discs in TVD Aug. 14 p12.

As displayed by LDD, unit was playing through Pioneer PAL TV. We tried Japanese-made NTSC disc on it, and pictures on PAL receiver were perfect, filling screen. There's no mention of NTSC capability on player, and we were told Pioneer won't advertise that ability. Although LDD's player is only one in country at present, it already has been loaned to England's video publications for reviews that will appear in print soon, presumably giving results of NTSC tests.

Source at Pioneer U.K. said model would go on sale at about \$985 in Nov. and would be sold only as PAL player. "We shan't deny that it will play NTSC discs," he said, "but we can't guarantee that it will work with all PAL TV sets, and even then the quality is not as good as we would like to see from NTSC discs on an NTSC TV." Despite those guarded comments, everyone we queried who had seen the 1450 working with both PAL and NTSC discs was astounded at quality of pictures and sound.

Pioneer's player apparently uses same principle as Panasonic's VCR, recently introduced in U.K., which plays both NTSC and PAL videocassettes over many, but not all, PAL TVs (TVD March 20 p16). Presumably because of sensitivity of software issue -- frequently movie videocassettes are available in U.S. before theatrical release in U.K. -- Panasonic isn't making point of VCR's NTSC capability any more than Pioneer is about its disc player's talents.

One background story in England is that when Pioneer first talked to film companies in U.S. about concept of NTSC playback on PAL system TV, it was painted as intermediate step to getting PAL laserdisc and CD-V system off ground by priming software pump. But now many observers feel PAL system software never will fly and intermediate step might become final solution -- which is what upsets film companies. Parent Pioneer in Japan withheld comment on situation.

As reported here, Philips & DuPont Optical (PDO) disc plant in U.K. has had difficulty getting usable yield. LDD independently has been having 12" discs pressed by Sonopress in Germany -- including U.S. titles -- but they have analog soundtracks. Official Philips policy is to press all discs with digital tracks. In PAL system there isn't room in signal waveform for both analog and digital sound as there is in NTSC.

Strangely noncontroversial was Sony multistandard videodisc player shown in Berlin that could play both NTSC and PAL discs, but -- unlike Pioneer's -- required multistandard (NTSC/PAL) TV to show them (TVD Sept 4 p12). Philips also indicated it eventually would have multistandard players -- and with coming of digital chassis, increasing number of European TV sets are multistandard.

VCR HOT, CD A 'FRILL': More than 40% of U.S. consumers surveyed by Wall St. Journal said VCR has "made life a lot better" -- but not as much better as coffee maker. Products that surpassed VCR in poll were smoke alarm, cited by 82% of consumers, microwave oven (75%), coffee maker (55%), TV remote control (53%) and home computer (45%), Journal said in special report "American Way of Buying" Sept. 19.

Survey asked consumers to rate 19 products on scale ranging from "made life a lot better" to "modern frill". Products cited by most as just "modern frill" were car phone (59%), Compact Disc player (52%), Walkman (50%), camcorder (42%), pulsating shower massager (41%).

Microwave ovens ranked first in terms of product enjoyment, followed by VCR, Journal said. Report found that nearly 7 in 10 U.S. households have VCR, and product remains among "most-desired objects by people who don't yet have them."

Report said survey indicated possible saturation point for Walkman, with 1/3 of all households now having one while only 3% of nonowners said they strongly wanted one. Personal computer had much better outlook, with 19% of respondents already owning one at home and 25% who didn't have unit saying they strongly wanted one. Camcorder "is another product that still has some upside potential," Journal said. Survey showed 14% of consumers have camcorder, 25% of nonowners want one.

Don't trample consumer interests in rush to HDTV, Consumer Reports urges govt. in Oct. issue, warning against protectionist measures and antitrust exemptions. "The economy of the U.S. is far too intertwined with the rest of the world to allow us to shut our borders and develop a new industry," article said, noting that "American-owned Zenith makes many of its sets in Mexico" while "French-owned Thomson produces its TV sets in the U.S..." It also urged govt. to work to help assure fair access by American manufacturers to all world markets. In sidebar article, CR described test of Sony's \$4,000-list 27" IDTV set, saying it produced "the best [picture] we've seen from a commercial TV set." It noted, however, that "rapidly moving objects seem slightly blurry" and commented: "Only when the price drops -- as it's certain to do -- will IDTV win many converts." Article on still video cameras comments: "We've seen the future and it needs some work." Discussing Canon and Sony cameras, it notes shortcomings in resolution.

MTS stereo set record for year in July in terms of percentage of total TV sets. It was in 386,885 of total 1,381,657 color sets in month -- 28% of total. That percentage was exceeded twice last year -- in Sept. (28.5%) and Oct. (28.6%). July's figure was 10.7% above last year in month when total color TV sales were down 4.5%. In July 1987, 24.2% of color sets had MTS stereo. For first 7 months of July, 3,088,764 sets (26.8% of total) were stereo, up 33% from 2,323,005 in same 1988 period (22.7% of total).

Home VCR deck with built-in 3" LCD color monitor can be expected here from Philips, on basis of European model it showed at Berlin Audio-Video Fair. Also displayed by Philips was 4" Car-Vision LCD color set that can be mounted on goose-neck fixture for car viewing or used as portable set. It has special tuner for car reception from 4-input diversity antenna system, with FM modulator to transmit sound to car radio. It's due in mid-1990 with target price of about \$1,780 for entire system.

WIZARD PROMOTIONAL PUSH: Claiming absolute domination of pocket electronic organizer field, Sharp celebrated first birthday of Wizard with start of what will be intensive 25-city promotional drive aimed at business users.

At news conference last week kicking off campaign that will begin in N.Y., Sharp Personal Home Office Electronics Gen. Mgr. Paul Allan said electronic organizers now account for about 10% of total unit sales of "handheld productivity device" category (dialers, data banks, reference products) and penetration is about 2%. He cited predictions of 50% annual growth for organizers in next 5 years.

Allan predicted organizer pricing will remain stable or increase over 5 years, and market for peripheral products will grow as more varied add-ons are introduced. He said Sharp was unchallenged leader in category, having spent more than \$15 million in R&D and with 100-person engineering and development task force. He cited successful marketing through such outlets as Macy's, A&S, Bloomingdales, American Express and Sharper Image. Sales have been concentrated on retail channels so far, but new sequential city promotional effort will center on business users.

Among aspects of month-long N.Y. kickoff: (1) Direct mailing to more than 13,000 area executives offering free "VIP" demonstration. (2) Free \$35 leather carrying case with purchase. (3) Citywide ad campaign in newspapers and local business magazines. (4) Co-op program with retailers. (5) Demonstration booth, first at Penn Station, then moving to Trump Shuttle at La Guardia Airport and Grand Central Station. (6) Joint promotion with Trump Shuttle, details to be announced. (7) Traveling magic show at N.Y. financial locations. (8) Survey of N.Y. business executives. (9) Radio promotion on classical music station WNCN, built around call-in contest. (10) Free newspapers banded with "Wizard Lifestyle" promotion at commuter rail stops. San Francisco is next stop after N.Y.

Go-Video will have its day in U.S. Dist. Court, Phoenix, according to decision by 9th U.S. Appeals Court, San Francisco. Appeals Court upheld district court as proper venue for 2-year-old suit against Japanese hardware suppliers JVC, Matsushita, NEC, Sanyo, Sharp, Sony. Go-Video, based in Scottsdale, expects trial to be late this year or early next. "This is a landmark decision," CEO Terren Dunlap said, "because now many American companies damaged by the Japanese cartel in the American market can sue in the U.S. under the antitrust laws." However, lawyers for JVC and Matsushita reportedly are considering appeal to Supreme Court. As we reported, Go-Video is alleging defendants tried to prevent it from introducing dual-deck VCR-2 (TVD June 29/87 p12 et seq.). Company reached settlements with several defendants, including Samsung, which agreed to manufacture VCR-2. Go-Video plans to offer "limited supply" of product nationwide in Dec. through D&H Distributing.

Philips has enlisted Century Research Center (CRC), Japanese joint venture of Philips, Matsushita and Sony, to promote Compact Disc Interactive (CD-I) format in Japan. As part of agreement with Dutch firm, CRC will market CD-I authoring systems and authoring tools in Japan and other Asian countries on exclusive basis. CRC also will "create awareness" of CD-I in Japan and other countries, expects to sell at least 500 authoring systems in next 3 years to electronics companies, publishers, software developers, video production firms. It also will build studio service for CD-I software producers.

SHORTER SANYO LINE: Sanyo plans to add full-size VHS camcorders to line of 8mm, we were told at showing of products for fall-winter at N.Y. regional hq in Little Ferry, N.J. Sanyo Fisher's reorganization is almost complete, and N.Y. showing was duplicated in each of its other 2 regions. Sanyo's current regular line (list prices unavailable) now has more VCR decks than color TVs -- 8 vs. 7.

Shortened color line starts with 19" mono remote, stepping to stereo version; single 20" stereo monitor receiver; 26", 27", 31" and 35" stereo monitor receivers (one each). There are no 13", 25" or projection sets. VCRs begin with Instant Start 21-day 6-event model, stepping to on-screen programming model; 4-head mono model; 2-head hi-fi; two 4-head hi-fi models; 4-head digital effects hi-fi; Super VHS model. Basic 8mm camcorder has 6:1 zoom, 1/2,000-sec. shutter; stepup has 3 heads, titling, 1/4,000-sec.

Fisher TV line, all remote stereo monitor receivers, begins with 20" at \$400; 26" high resolution with 3.5 w per channel \$650, two-piece 26" with optional external speakers unpriced; two 27" high-resolution models \$650, top 27" model \$950; 31" with Dolby Surround Sound \$2,000; 35" unpriced. Consoles: 26" \$750; 27" at \$1,000 and \$1,150; 35" open. Basic VCR is \$300, 4-head \$350, linear stereo 2-head \$450, hi-fi 4-head \$500, S-VHS Hi-Fi \$900. Camcorder (8mm) with 1/4,000-sec. shutter \$1,120.

Aug. retail report: Circuit City sales rose 20% to \$162.3 million in month and same-store sales 2%. In 2nd quarter to Aug. 31, sales gained 20% to \$474.2 million, same-store sales 1%. Company plans to open 18 new superstores in 3rd quarter... Highland Superstores Aug. sales dipped 2% to \$69.8 million, same-store sales 10%. In first 7 months ended Aug. 31, sales inched up 1% to \$464.8 million, same-store sales were down 11%. Highland, which opened new store in Boston recently, expects to open 3 more in Sept. -- in Chicago, Grand Rapids, Houston... Best Buy Aug. sales declined 3% to \$40 million, with same-store sales down 6%. Through first 5 months of fiscal 1990, sales fell 3.6% to \$187 million. Retailer said it has added new stores in Lincoln, Neb., and Bloomington, Ill... Sears, reporting 2.3% higher sales in 4 weeks ended Aug. 26, cited increase in home electronics.

Sears opened 164 more Brand Central home appliance and electronics superstores, bringing total to 444 since Aug. 1988. New Brand Centrals are in Sears stores in Boston, Kansas City, L.A., Milwaukee, Phoenix, Providence, St. Louis, San Francisco, Tucson. Brand Central stores carry consumer electronic products from Bose, Hitachi, Magnavox, Marantz, Panasonic, Pioneer, RCA, Sharp, Sony, Soundesign, Technics, Toshiba, Yamaha, Zenith. Home office equipment brands include AT&T, Brother, Cobra, Code-A-Phone, Commodore, Franklin, GTE, Laser, Motorola, Okidata, Panasonic, PhoneMate, Texas Instruments, Xerox. Home appliance brands in addition to Sears Kenmore are Amana, Bissell, Brother, Eureka, GE, Hoover, Jenn-Air, Sharp, Singer, Speed Queen, Tappan, Whirlpool.

U.S. factory shipments of electronic equipment, components and related products, excluding imports, totaled \$127.7 billion in 1989 first half, up 5.3% from same 1988 period, EIA preliminary figures showed. Breakdown by industry group: Consumer electronics up 6.3% to \$15.2 billion, components up 7.9% to \$25.9 billion, computers and industrial up 4% to \$41 billion, communications equipment up 4.7% to \$33.2 billion, other electronic-related products up 5.5% to \$25.1 billion.

Consumer Electronics Personals

Marc Spector, ex-Westwood One, joins Pioneer Home Electronics Mktg. Div. as ad and sales promotion mgr... **Richard Borinstein** advanced to Radio Shack consumer products mdsg. dir., succeeding **Gary Weissberg**, named Coustic product planning vp... **Jack Blanchard** resigns as TV Guide consumer electronics category ad sales mgr., plans unannounced; he may be reached at 212-867-2010... **Stephen Hoechster**, Sony account supervisor at Geltzer & Co. (PR), promoted to vp... Lineup on NEC Audio/Video Div. account at Porter/Novelli PR: **Viola Nelson**, senior vp; **Paul Bjorneberg**, vp; **Bernadette Ryan**, account exec.; **Tara Dunne**, asst. account exec., **Marcia Loyd**, account coordinator; **Catherine Nemeth** and **Michael Keating**, formerly on account, have resigned.

Edward Stadlen, ex-NAD, joins Acoustic Research as eastern regional sales mgr.; **Joseph De Prospero** named western regional sales mgr... **Mitchell Kertzman**, Computer Solutions pres.-CEO, elected American Electronics Assn. 1990 chmn.; **Richard Iverson** reelected pres.-CEO; other AEA officers: **Gary Tooker**, Motorola, named secy., **Robert Gilbertson**, Data Switch, treas... **John Wyatt** joins EIA as dir., Technical Programs Components Group Engineering Dept., succeeding **Donald Mitchell**, retired; **Patricia Rusher** advanced to engineering programs staff dir., EIA Engineering Dept... **Sen. Wilson** (R-Cal.) and EPA Western Regional Administrator **Daniel McGovern** speak at EIA 65th Annual Fall Conference in L.A. Oct. 2-5... **Ian Diery**, ex-Wang, named Apple Computer Pacific pres... **Celine McKenna** appointed asst. PR mgr., Samsung.

Ingram Video Pres. **John Taylor** promoted from COO to CEO... **Larry Johnson**, ex-Lieberman Enterprises and Pickwick International, joins Artec as distribution vp... **Peter Liguori** advanced to HBO Video feature film mktg. dir... **Vans Stevenson** resigns as Blockbuster Entertainment corporate affairs dir... **Joseph Cohen**, ex-Cohen Media Ventures entertainment investment consulting firm and U.K.-based Albion Films, named Largo Entertainment exec. vp-chief financial officer, new post... **Barbara Skupen** shifts from CNN/Headline News to Turner Home Entertainment as licensing and mdsg. account executive... **Marvinia Anderson**, ex-ABC Distribution worldwide cable/cassette mktg. dir., joins World International Network as worldwide sales vp.

Mergers & Acquisitions: **Sony (U.S.)** completed tender offer for all outstanding shares of common stock of Materials Research Corp., at \$14 per share. Companies are expected to merge by end of Oct... **Tandy** signed letter of intent to acquire 2 computer manufacturing subsidiaries of Datatronic AB of Stockholm for undisclosed amount of cash. Companies are Victor, which makes desktop and laptop personal computers, and Micronic, which produces hand-held computers... **Thorn EMI** of U.K. sold Kenwood Kitchen Appliances Div. to management group for \$84.7 million in cash and \$2.9 million subordinated note.

Jiang Zemin, who served in 1984-1985 as Minister of Electronics Industry, has been selected by Deng Xiaoping as his successor as supreme leader of China, N.Y. Times said. Jiang, recently named Communist Party Gen. Secy. (TVD July 10 p12), favors opening China's economy to Western world.

Leonard Nimoy was spokesman introducing Headstart Technologies' Explorer computer. We gave incorrect identification in our report last week (TVD Sept 18 p17).

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Ads & Promotions: **Nintendo** promotion with **Pepsi** offers Gameboy portable videogame system, videogame software and accessories as prizes. **Pepsi** will support program with \$10-million ad campaign. **Nintendo** also launched \$20-million TV ad drive for 4th quarter through **McCann-Erickson**, N.Y.... **Sega** will support Genesis videogame system with \$10-million TV-radio ad campaign... **3M** will sponsor 1992 Summer and Winter Olympics in 15 product categories, including audiotape and videotape. **3M** promotion with **NBC** offers 60-min. videotape "Paul Reiser's Hollywood Adventure," **NBC** Fall Preview Guide and 20% discount on selected **NBC** merchandise with purchase of Scotch videotape 5-packs... **NEC** promotion in Chicago area allows consumers to enter weekly drawings for **NEC** products and for tickets to Chicago Bears games... **Circuit City** awarded \$25-million ad account to **J. Walter Thompson**, N.Y.... **Videonics** point-of-purchase video features movie critic Jeffrey Lyons demonstrating **Videonics**' home video editing machine... **Memtek** Products names **HWH Enterprises**, N.Y., as PR agency.

Camcorder retail sales were up 25% last spring over year earlier, while color TV and VCR sales slowed, **NPD Group** reported. Its surveys found only 4-head VCRs and VDP players had sales increases among video decks in period, while CD player sales were up 38.3% and portables 81.4%. Details: **NPD Group**, 900 W. Shore Rd., Port Washington, N.Y. 11050 (516-625-0700).