

TELEVISION DIGEST®

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With Consumer Electronics

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DUGGAN BALANCES VALUES, SPEECH: FCC nominee Ervin Duggan is expected to walk tightrope between "family values" issues and free speech guarantees of First Amendment during confirmation hearing and, if his nomination is confirmed as expected, in his 5-year term on FCC (TVD Nov 27 pl). Since Congress doesn't return fulltime until late Jan., hearing isn't likely before mid-Feb.

It's still unclear how Duggan came to White House attention, even to insiders. He was supported by "a couple of letters" from National Assn. of Evangelicals (NAE), we're told, and he's said to have been suggested first to White House Chief of Staff John Sununu, who was looking for Democratic nominees to several posts, by journalist friend of nominee at cocktail party. Nomination is seen by source close to Duggan as "subtle and interesting" maneuver by White House to nominate person acceptable to evangelicals, without actually being either evangelical or radical on so-called family issues, such as indecency and pornography.

Duggan has indicated he shares evangelicals' concerns on "the culture-forming role of the media" and on family issues. But, as former Washington Post reporter, he also has indicated he's strong believer in First Amendment. Any implications that he's "far-right zealot" are "caricature," source said, since Duggan considers himself middle-of-road Democrat.

Consumer Electronics

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Group working for religious freedom in Eastern Bloc brought Duggan into contact with NAE. His "chief extracurricular interest" has been serving as pres. of Presbyterians for Democracy of Religious Freedom, which works with other denominations to spread religious freedom in Eastern Europe. NAE was among groups working on issue, and those contacts are said to have convinced group that Duggan could be acceptable nominee who shared many of its views.

Duggan never actively campaigned for FCC post, although he met briefly with Sen. Fowler (D-Ga.), old college friend, after his name surfaced. Duggan and Fowler contacted Senate Commerce Committee Chmn. Hollings (D-S.C.), but backed off when Hollings said he was continuing to support ex-aide Mary Jo Manning, now Washington attorney. Duggan knows Hollings, who represents Duggan's home state, but didn't want to press issue. Hollings now has sent word he's generally receptive to Duggan appointment, source said, and plans to schedule hearing as soon as possible after Congress returns Jan. 23. But appointment isn't expected to top Committee agenda, so quick vote isn't likely, we're told. Duggan isn't giving interviews until he's confirmed, but does expect to make calls in Senate in interim.

Duggan admits to having little communications background and knows little about telecommunications technology, sources say, although he has been parttime consultant to several communications firms. Work is said to have been mainly brief stints of speechwriting and preparing congressional testimony. That work, which was reported to White House, isn't expected to cause Duggan to make any recusals if he's confirmed to FCC.

FCC Chmn. Sikes told us he's looking forward to working with Duggan: "From what I know, President Bush has made an excellent choice. From his diverse background, I think he will bring new insights to the Commission."

Duggan's one major communications role was in mid-1960s when, as 24-year-old junior White House aide, his office helped oversee Carnegie Commission that drafted report that set basis for CPB. Office also helped shepherd through Congress legislation that set up CPB. However, he has rejected claims by others that he was "father" of CPB, saying his job was too junior to permit fathering anything.

HDTV and communications trade issues are said to be high priorities for FCC nominee. He considers communications as important to world economy today as petroleum was at turn of century and is fascinated by such issues as whether Commission should act as midwife to new technology, or whether it should leave technology decisions to marketplace.

SIKES TAKES STOCK AFTER FIRST 100 DAYS: FCC Chmn. Sikes believes his "most important contribution" during his first 100 days on job has been "the new team at the FCC" that he assembled. Speaking at lunch of Washington AWRT chapter Nov. 29, he said all regulatory agencies "are vulnerable to tunnel vision. Frequently, the leadership is drawn from people who... are so intensely specialized that they cannot foresee the broad implications of their recommendations or actions." He said Commission's present staff leadership -- drawn from diverse govt. agencies and private sector -- "brings a richly insightful perspective" to agency.

Upon arriving at FCC, Sikes said he found "an agency that was acutely wary of any additional confrontations with the Congress" -- on fairness doctrine and other issues. "I found an agency which had experienced significant new demands in recent years while actually losing, in real terms, necessary resources. And, I found an agency with significant backlogs due to having, for over a year, only 3 commissioners and, for several months, one of the 3 [ex-Comr. Dennis] substantially recused."

Referring to FCC inquiry on indecent programming -- and punishment of 8 stations for violating indecency standards (TVD Oct 30 p3) -- he said many in communications industry misinterpreted Commission's action "as merely a reaction to congressional exhortations. Let me assure you, however, that this Commission believes in certain fundamental values and that one of those is protecting children from smut. I was especially appalled to learn that some of the most egregious material was being aired on stations that had targeted 12-to-17 years of age audience. It is my hope that these actions will convince those few broadcasters who see commercial success through X-rated radio to temper their offerings." (See separate story, this issue, for reaction of 33 senators.)

One of his major goals at FCC, Sikes told AWRT audience, will be to make sure that "all telecommunications providers have the opportunity for excellence... Simply stated, we are in a high-technology world, and a low-technology service will at worst fail and at best be consigned to

mediocrity." At same time, he said, achieving U.S. HDTV standard and significantly improving AM service will be difficult "and possible only with sustained intermediate to long-term efforts." And, he said, "it is important for us to keep in mind the diversity and localism values which make terrestrial TV an invaluable part of our communications culture." Asked if FCC would be able to improve AM, former AM station owner Sikes replied: "It's hard to say, to be honest." First goal, he said, will be to cut back on interference, stressing that there still are "many good AMs that continue to thrive."

Sikes noted that he was to leave next day for London -- to address World Telecommunications Conference sponsored by Financial Times -- and said: "You can be assured, during this trip, that I will not hesitate to discuss the benefits of free speech and an open marketplace." Singling out 12-nation European Community restrictions on U.S. programming, he said: "It is only with this realization [free marketplace] that Europe will back away from self-defeating program quotas." While in London, Sikes also will meet with Bryan Carsberg, head of British Office of Telecommunications; Jonathan Rickford, CEO of British Telecom; Paul Quiles, dir. of French Post, Telecom and Space Agency; Gordon Owen, deputy chmn., Cable & Wireless; attend dinner party -- with representatives of Inmarsat, ITU and British officials -- hosted by U.S. Chamber of Commerce.

Answering questions, Sikes rejected contention that broadcasting and cable are on "collision course." He said that both make significant public contributions, that "I am not a fan of compulsory licenses" and that he understands "frustrations" of broadcasters that their programming goes free to cable systems. On children's TV legislation, he said he supports approach of Sen. Inouye (D-Hawaii), but he has more faith in broadcasters' acting voluntarily than in govt. laws or regulations. "We're on a real slippery slope when we get too far into this area," he said. Asked about cable siphoning of sports, he said cable shouldn't be criticized for seeking exclusivity and programming considered valuable, and suggested question should be focused on antitrust laws favoring professional sports.

HDTV in big-screen format -- as opposed to smaller screens, 24" and under -- "is really dazzling" and in time "is going to be embraced in this country," Sikes said. He predicted it will become one of major developments by end of this century or early next. Of public broadcasting, he said it "provides a valuable service... I support it and I will continue to support it." Much to gratification of his audience, Sikes said he wouldn't support spectrum lotteries or auctions in broadcast bands because of "noneconomic considerations." He also refused to be drawn into dispute between TV networks and Hollywood on financial-syndication issue.

House Telecom Subcommittee will explore legislative initiatives in cable regulatory area and on leveraged buyouts when Congress returns next year, Chmn. Markey (D-Mass.) said last week in statement assessing first session of 101st Congress. Statement had been anticipated and at one point was expected to provide outline of schedule for advancing RHC legislation. Markey noted in document that Subcommittee held 37 hearings in 1989 and completed work on 12 bills, all awaiting final congressional action. Dial-a-porn ban that Subcommittee voted is expected to become law as part of an appropriations measure, he said. Numerous other bills are poised for final action, including children's TV measure that's before Senate. Subcommittee will renew efforts to restore fairness doctrine as law, he said, as well as pursue cable legislation of unspecified nature and RHC bill. He also promised again to produce measure to encourage development of new technologies, and said hearings would continue on media globalization. Other areas he expects Subcommittee to address include AT&T's implementation of price caps; information providers' access to local networks; telco cross-subsidies. Congress also hasn't completed work on Subcommittee-passed measure to regulate alternative service operators, junk fax providers and auto-dial callers, which it will pursue next year, he said.

WFXI (Ch. 8) Morehead, N.C., has gone on air as 1,440th operating U.S. TV station, of which 1,090 are commercial, 350 noncommercial. Fox TV affiliate WFXI is licensed to Local TV Assoc., owned by John Gainey and Clawson Hicks, 45% each, and Frederick McClure, 10%. LaRhe Bastel is gen. mgr., Rick Carroll chief engineer. Station is in Greenville-New Bern-Washington, N.C., ADI.

Cable industry could lose credibility in arguments against deregulation if rates spike again Jan. 1, NCTA Pres. James Mooney told recent NCTA board meeting. According to minutes, he said he believes industry has "a crack at beating the legislative attacks" if rates don't spurt upward, based in part on NCTA's argument that previous growth has been "postregulatory adjustment." But Mooney told board argument would lose credibility if rates jump in Jan. He also outlined NCTA strategy: (1) Keep House calm. (2) Deluge FCC with economic statistics. (3) Use "full-court press" in Senate, including letters from employes, raising more money for CablePAC, hiring more lobbyists. Financially, NCTA is in good shape, with \$13 million revenues in last year, \$1.3 million over budget, but 1990 budget is down 1.6% because of mergers and acquisitions. Fulltime NCTA staff will drop to 79 from 81.

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MORE FINSYN RUMBLING: Specter of foreign control of movie studios is "only a screen behind which the networks can maneuver to bleed and wound" financial interest and syndication (finsyn) rules, MPAA Pres. Jack Valenti said in letter to House Commerce Committee Chmn. Dingell (D-Mich.). Letter was response to earlier one from NBC Pres.-CEO Robert Wright calling Sony acquisition of Columbia Pictures "watershed event" and saying finsyn handicaps networks' ability to compete internationally.

Meanwhile, Program Producers & Distributors Committee (PPDC) Chmn. Ralph Baruch said his group's 30 member companies are "completely dependent for their existence" on finsyn rules. Ex-chmn. of Viacom said in separate letter to Dingell that Sony's Columbia buy "has nothing to do with the ability of NBC or CBS or ABC to compete in a global marketplace" and, in fact, ABC and NBC are aggressively expanding overseas.

Latest letters come just before start of yet another round of negotiations between Hollywood community and networks on finsyn issue. Last round resulted in mixed reports whether there was progress, with MPAA sounding more positive than networks (TVD Nov 20 p7). Renewed negotiations are scheduled today (Dec. 4) in L.A.

Wright letter attacked "unfair and outmoded constraints" that he said finsyn places on networks, calling them "major stumbling block to maintaining America's competitiveness." He said ramifications of foreign takeover of studios "range from control of the content of educational video materials used in our nation's classrooms" to competitive advantage in race for HDTV. Accompanying memo cited Rupert Murdoch's bid for MGM/UA, as well as Sony takeover, and said that if all acquisitions were consummated, 4 of 7 major studios, providing almost 25% of network series, would be foreign controlled.

Valenti said only 2 of 211 TV producer companies are foreign owned, and Wright's letter "is awash in misstatements and omissions." He said networks can purchase studios now, even though Sony couldn't buy network, and networks didn't complain when CBS sold CBS Records to Sony. Valenti repeated MPAA claims that networks are free to do anything independent TV producer can do except own piece of others' programming and syndication, areas "where the 3 networks behaved in such a blatantly anticompetitive manner that the Justice Department was constrained to file an antitrust suit."

Finsyn agreement can be reached quickly "if the networks clearly understand that they have no options other than the negotiating table," Valenti told Dingell. He called finsyn "the only safeguard now available to nourish TV competition. Without it, whatever competitive balance that now exists would collapse."

Cap/ABC and RJR Nabisco aren't commenting officially on reports that RJR is considering selling its 20% ownership of ESPN, possibly to foreign buyers. Wall St. Journal, citing unnamed sources, said discussions are under way between RJR and several companies in Europe and Japan, as well as such American companies as Metromedia. RJR reportedly is seeking \$200-\$250 million for 20% of cable sports network.

Cable TV Assn. of N.Y. has given final approval to Industry Standards Document and Cable Customers' Bill of Rights. Recent board approval followed membership vote in Oct.

FCC CABLE INQUIRY READY: FCC is gearing up to issue "omnibus" notice of inquiry on cable industry at Dec. 12 meeting, with potential that information will be used for eventual rulemaking, officials said. But notice probably won't include issues of telco entry into cable, which FCC already is considering, or of effective competition.

FCC staff -- primarily Mass Media Bureau and Office of Plans & Policy -- reportedly has been told by Chmn. Sikes to have notice ready for commissioners' vote by Dec. 12 meeting. Early draft has been sent to commissioners' offices and we're told that "much work still is to be done" to get document in shape for action. Sikes had signaled inquiry would be coming in recent testimony before Senate Communications Subcommittee (TVD Nov 20 p1).

Notice isn't expected to include any tentative conclusions, FCC sources said, fact that's pleasing to cable industry. However, it apparently will ask questions on many issues -- exclusive franchising, horizontal and vertical integration, cap on number of subscribers in cable systems single entity could own, cable rate increases. "Just about any cable question anybody could think of," FCC source said. "We would rather see [inquiry] be broad and open than pretitled," industry official said, "and we don't sense any tilt." Another cable executive generally welcomed inquiry, saying: "Any comprehensive proceeding to find the facts rather than the rhetoric is probably a good thing." Officials also pointed out there are many new faces at Commission "and this is an opportunity for all sides to say their bit."

Inquiry won't deal with key issue of effective competition, we're told. Instead, it's likely Commission will start separate rulemaking on that, probably at Jan. meeting. Sikes had told Congress that Commission would complete review of standard by mid-1990. Standard now says there's effective competition, which prevents most local cable regulation, whenever 3 broadcast signals are available over air. Opponents say standard should be broadened to include competition from another multichannel system.

Vehicles for inquiry are expected to be series of long-standing petitions at FCC dealing with various cable issues, possibly including one filed by Satecom, small Mont. cable operator, challenging concentration of cable system ownership by MSOs (TVD March 3/86 p10).

In petition filed Dec. 1 at FTC, ACT asked agency to order 3 N.Y. independent TV stations and 6 advertisers to stop running commercials in children's programming that ACT says are deceptive. ACT accuses stations -- WPIX, WNYW and WWOR-TV -- and advertisers of "engaging in unfair and deceptive trade practices in their presentation of product advertisements for children's toys... which misrepresent the nature and performance of such products." ACT also asked FTC to begin "an overall inquiry into television advertising practices to children" and to develop "specific regulations to ensure that ads targeted at youngsters do not take unfair advantage of the immaturity and inexperience of the child audience." Said ACT Pres. Peggy Charren: "The extraordinary amount of deception in TV ads aimed at children today is directly traceable to the deregulatory activities of the Reagan era... Throughout the '80s, the FTC ignored or reversed its own policies designed to protect young audiences from unfair advertising."

Petry TV named sales rep for KHBS (ABC) Ft. Smith, Ark., and WICZ-TV (NBC) Binghamton, N.Y.; both had been repped by MMT Sales.

FCC APPLAUSED ON INDECENCY: FCC's recent crackdown on broadcast indecency (TVD Oct 30 p3) has drawn hearty praise from bipartisan group of 33 senators. Commission struck "an appropriate balance between protection of the First Amendment rights of free expression and the need to protect our nation's children from harmful material," senators said in letter to FCC Chmn. Sikes. Among letter signers: Senate Communications Subcommittee Chmn. Inouye (D-Hawaii) and Sen. Danforth (R-Mo.), ranking Republican on parent Senate Commerce Committee.

Commission cited 8 stations for alleged violations -- action that senators saw as Sikes' way of sticking to promise at confirmation hearing to "stem the tide" of indecent broadcasts: "We are pleased that you have acted so quickly and decisively to fulfill that promise." Agency also issued notice of inquiry into possibility of imposing 24-hour ban on indecent programming.

However, senators saw self-restraint as better course for industry, saying FCC can't be "nation's censor" and shouldn't attempt to prohibit broadcasts of material that's "merely offensive." Statement apparently was meant as warning to Commission not to go overboard. "We would hope that the broadcast industry would control its members, rather than relying on the FCC to police the industry," they said. But in absence of self-regulation, senators encouraged agency to keep heat on industry, although they admitted "overwhelming majority of broadcasters act responsibly and in the public interest."

Senators rapped broadcasters who have carried indecent material as bowing to competitive pressures. "It is unfortunate that a few broadcasters, obviously in search of higher ratings and consequently larger profits, have chosen to act in an irresponsible manner," they said. Stations cited "clearly" involved "egregious violations" of Commission standards, they said: "These violations demanded the strong disciplinary actions that the FCC imposed. Frankly, we do not believe that the FCC had any less intrusive means to prevent children from being exposed to this indecent material."

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All News Channel (ANC) premieres Nov. 30 on Satcom 2R, TR 7 from Conus Communications hq, Minneapolis. New 24-hour news update service is providing continual newscasts, modeled on concept of all-news radio. ANC plans to offer service to TV stations and cable systems, which can either use it fulltime or as part of their own news operations. ANC is joint venture of Viacom Satellite News and Conus. It said much of material seen on channel will come from 140 TV news organizations in Conus Satellite Cooperative, which includes broadcasters in Australia, Europe, Japan. Home satellite dish owners may view service free during preview period that will end in early Jan., ANC said, after which channel will be encrypted using General Instrument's VideoCipher II system and offered to subscribers by Showtime Satellite Networks as part of Extraview package of satellite-delivered programming.

Two ABC executives were killed and 5 other ABC personnel injured in San Francisco Nov. 27 when train hit bus in which they were riding to Candlestick Park and Mon. night NFL game that ABC telecast. Killed were Kurt Sanger, 41, recently promoted to mktg. dir. of ABC Sports, and Adele Roffis, 61, ABC TV Network account executive. Bus was stalled in traffic on tracks when it was hit by train. Injured ABC staffers were treated at hospitals and released.

McKINNEY EXPECTS HDTV MERGER: Merger of leading broadcast HDTV proposals was predicted by ATSC Chmn. James McKinney last week in address to N.Y. chapter of FCBA. "Look for Philips and Thomson (read that 'Sarnoff') to combine their efforts and to try to bring in one or 2 other proponents as well," he forecast.

He noted that 4 of 5 remaining "full HDTV proposals" are simulcast systems and said: "I believe it is only a matter of time before the last augmentation holdout -- Sarnoff's ACTV II -- magically becomes a simulcast system." He called Zenith system "wild card" and said company, which will be cash rich when it sells off its computer operation, "is positioned quite nicely to move forward with an 'American' system," but whether it will "make a dramatic commitment to HDTV remains to be seen."

Commenting on N.Y. Times article hailing U.S. leadership in digital HDTV, McKinney said it "implies the U.S. should stop work on HDTV and turn it over to the thinktanks and phone companies to see if they can invent digital TV. They want the government to finance it... and the phone companies have discovered people will pay for entertainment but little else" and hope they will foot "\$500 billion bill for fiber optics." He advised: "When you hear of digital TV, look to see who is making the argument." He forecast that "some day we'll have digital TV, [but] it's about 20 years away."

Actually, he said, "I believe the U.S.A. is exactly where we want to be and where we ought to be at this particular time in the evolution of HDTV," applauding FCC, "and especially [Chmn.] Al Sikes," for commitment to compatible HDTV. Asked about timetable, he repeated that he expected FCC decision in 1992-1993, broadcasting starting in 1994-1995, home sets available in 1995. "Once again," he said, "the United States is leading the world... We will be [HDTV's] largest market for many years to come. It will be difficult for any country or combination of countries to reach the numbers of sales to justify building manufacturing plants without a U.S. consumer demand."

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Turner Bcstg. System (TBS) will spend nearly 4 times as much for NBA cable package in next 4 years as it's paying for 4-year package expiring at end of this season under new deal signed last week. TBS will pay \$275 million for rights to carry 50 regular season and 25 postseason games per year on Turner Network TV (TNT). Deal was announced on closing day of TBS's exclusive negotiating period for NBA rights, and NBA Comr. David Stern indicated price was near that demanded by league. Earlier in Nov., NBC outbid CBS for NBA broadcast rights after CBS allowed its exclusive negotiating period to expire. NBC will pay \$600 million over 4 years for rights to 20-26 regular season games, All-Star Game, 30 postseason games. Turner Sports Pres. Terrence McGuirk said NBA package is integral part of TNT plan to reach virtually universal cable penetration by 1991. He told news conference TNT is unlikely to break even on NBA package on ad sales alone, but hopes higher penetration will make it profitable. Deal also gives TNT rights to such other NBA events as draft, Hall of Fame game, slam dunk contest. In separate deal, TBS bought rights to show 1,000 Columbia Pictures films on WTBS Atlanta and TNT.

Cable overbuilders have selected Competitive Cable Assn. (CCA) as name for group they formed at meeting in Orlando last week. Organizer Ira Smith originally dubbed it Alternative Cable Operators Assn. (TVD Nov 20 p4). Members have more than 100,000 subscribers in 7 states, are expecting rapid expansion. Details: 202-328-1800.

PTV AGREES ON FUNDING: Plan that would divide management of new and continuing national public TV (PTV) program funding between CPB and PBS, respectively, was announced in Washington recently. Scheme, negotiated by heads of CPB, NAPTS and PBS, would give PBS responsibility for management of about \$100 million of its \$262-million National Program Service, including \$64-million PBS-coordinated Station Program Cooperative (SPC). CPB would retain responsibility for new programming, as well as congressionally mandated Independent TV Service (ITVS) and minority programming initiatives. Most we spoke with generally applauded pact, with notable exception of independent producers, who plan to oppose it.

Under plan, CPB would be lead organization in conducting annual assessment of programming priorities. PBS would develop multiyear program schedule and funding plan based on assessment, guided by new 17-member PBS Programming Policy Committee including representatives of CPB, major producing stations, independent producers, CPB-funded minority programming consortia. Plan already has been approved by CPB and PBS boards, and is expected to be okayed by NAPTS board Dec. 6. Congressionally mandated report from CPB in which plan is to be included is due on Hill by Jan. 31.

Heads of CPB, NAPTS and PBS said agreement would better define their respective functions and establish improved and more collaborative working relationship. In mandating report from CPB, Congress repeatedly stressed importance of internal PTV consensus. PBS Pres. Bruce Christensen acknowledged that "left to our own devices we might have come up with something different." However, he and others called accord "a good compromise."

Independent producers said they would lobby against pact in Congress and court of public opinion. Lawrence Darressa, chmn. of National Coalition of Independent Public Bestg. Producers (NCIPBP), charged that, under plan, it "appears that CPB has finally relinquished any responsibility over ensuring that taxpayer dollars are used in pursuit of broad telecommunications goals serving the entire public. Instead, taxpayers' dollars have been taken hostage by the tastes of the largely upscale membership cherished by public broadcasters." NCIPBP plans to release critique of plan soon, and spokesman Jeff Chester said it plans to join with public interest organizations in opposing scheme.

John Wicklein, coordinator of group that recommended broad restructuring of public broadcasting, said plan doesn't address "semina!" public broadcasting defects of corporate and govt. influence over programming. While his group, Working Group for Public Bestg., also plans to oppose proposal, Wicklein expressed concern that Congress would sign off on internal plan once it's formally submitted and would turn its back on possible broader restructuring of field. CPB, NAPTS and PBS have briefed Hill parties informally on plan, NAPTS Pres. David Brugger said, and have received "overall pleased" reaction.

In first of series, FTC held en banc hearing -- at request of new Chmn. Janet Steiger -- with ad trade associations Nov. 28. Discussion centered on state regulation of advertising, substantiation of ad claims, health services, ads of alcoholic beverages and tobacco products, ad regulation based on "unfairness." Followup sessions are Dec. 5 with business groups (including NAB), Dec. 8 and 13 with consumer groups. For last 7 years, Steiger was chmn. of Postal Rate Commission before succeeding Daniel Oliver at FTC.

TV-RADIO NEWS 'NOT FREE': First Amendment rights of broadcast journalists are "shrouded in ambiguity," and industry, even though "the most influential arm of the press, is not really free," RTNDA Pres. David Bartlett said. Speaking at Media Institute lunch in Washington Nov. 28, he said TV and radio "were never accorded the same First Amendment protection as newspapers. In today's world, 'the press' really means radio and television. Yet, while we still preach that democracy depends on a free press, radio and television journalists must labor under a cloud of government regulation."

Bartlett said issue of broadcasters' First Amendment rights "demands resolution... It is the destiny of this generation of Americans to finally face the fact and deal with it -- one way or the other. [But] nobody seems eager to confront the real question: Do Americans still want the First Amendment." He said RTNDA's position is "crystal clear. We believe passionately that freedom of expression is a natural human right. We believe that the benefits of free expression... far outweigh any possible cost."

While Bartlett said he believed in "good content" in broadcasting, "content regulation is content regulation however we clothe it." He said RTNDA is "much concerned about the FCC's new-found resolution" to attempt to ban indecency from air. He said there shouldn't be govt. regulations in area, and transgressions by broadcasters should be regulated through marketplace.

Bartlett expressed relief that issue of codification of fairness doctrine into law has been laid to rest, at least temporarily, and in answer to question said support for doctrine is slipping in Congress. Citing children's TV bill by Senate Communications Subcommittee Chmn. Inouye (D-Hawaii), Bartlett said broadcasters in past have made unwise political deals that didn't work out. Asked about news simulations, he said "there is nothing explicitly wrong" in using them and he neither condemns or condones practice, which ABC and NBC News have banned.

Earle (Kim) LeMasters resigned Nov. 30 as CBS Entertainment pres. "to pursue creative opportunities outside the company." He had been at CBS 17 years, became Entertainment pres. 2 years ago, said he plans to "create programs on my own." CBS Best. Group Pres. Howard Stringer praised LeMasters, saying: "We look forward to working with him on projects in the future." LeMasters' impending resignation from 3rd-place network in prime time had been widely expected in Hollywood. CBS also finished last in Nov. sweeps -- with its lowest Nov. prime-time rating ever -- results of which were announced same day as his resignation. Wall St. Journal quoted him as saying he asked Stringer earlier last week "for a clarification of my status because the rumors of my departure had become overwhelming. He said he would get back to me... I don't want to speculate on whether or not I would have been fired had not I quit." Stringer said successor would be named "shortly," with frontrunner said to be Jeff Sagansky, ex-NBC Entertainment and currently Tri-Star Pictures pres.

"Vision for the '90s" is theme of NCTA convention May 20-23 in Atlanta -- which also hosts NAB convention 7 weeks earlier. NCTA focus will be on where industry is heading in next 10 years, with stress on technology, marketplace, programming. Convention will add 3rd general session (only 2 have been held in recent years) and Assn. has promised other new features and "tighter, more concentrated" schedule with fewer concurrent sessions.

GOVT. LIMITING TECHNOLOGIES: Modified Final Judgment (MFJ), 1984 Cable Act and variety of other regulatory and technical factors are presenting barriers to widespread use of information technologies in education, according to "Linking For Learning: A New Course for Education," report by Congressional Office of Technology Assessment (OTA). Report evaluates cable, basic telephone network, satellite and microwave as alternative delivery mechanisms for distance learning.

It said FCC and Cable Act restrictions on provision of video by telcos "means that schools may have to bypass the local phone system, the most ubiquitous network in the country, if they want to deliver interactive telecourses to students." However, it said, pricing also will have effect on what can be offered because telecommunications pricing, unregulated for many transmission systems, "is too high for many potential distance learning applications." For distance learning, public network's quality was described in report as "spotty," with "limited transmission of data and video" and with costs that are distance-sensitive. That evaluation could change as more fiber is integrated into local loop and more intelligence is built into network, report said.

Cable has difficulty handling distance learning applications, report said. It said 55-60% of schools have cable, but even if there's connection to building, cable would be "of limited value if classrooms are not wired to receive the signals. In many cases, the cable connection only reaches one classroom or office. Few schools have all their classrooms wired to take advantage of cable-delivered programming." Report said access to cable for distance learning "is not assured" because in many areas commercial programming and other commitments have filled existing cable capacity: "Cable operators may resist reallocating channels for distance education programs or courses that have limited audiences." Report cited one "creative solution" from S. Berkshire (Mass.) Education Collaborative in which cable company was upgrading system and instead of tearing down old trunk lines, leased them to schools for \$1 per year.

Three former record promoters were indicted by federal grand jury in L.A. Nov. 30 for allegedly making "illicit and illegal" payments to radio station employees to play certain records. Named in 57-count indictment culminating 3-year investigation were Joseph Isgro, ex-CBS Records exec. Raymond Anderson, Jeffrey Monka. Indictment also charges they conspired to distribute cocaine to station employees and filed false tax returns. Bail for Isgro was set at \$500,000, for Monka at \$100,000. Anderson was scheduled to surrender to authorities Dec. 1. As result of indictments, FCC Chmn. Sikes said Commission will "be following this matter closely... The combination of drugs and payola, when shown to exist among broadcast licensees, involves a violation of the public trust which cannot be tolerated... The Commission has recently made clear that it will not tolerate drug trafficking among its licensees and violations of the payola provisions of the Communications Act are criminal violations and serious offenses." FCC said 4 FM stations were identified in indictment: KMGX Hanford, Cal., KIQQ L.A., KYNO Fresno, KAMZ El Paso.

U.K. cable penetration rate grew 0.7 percentage point in July-Oct., Financial Times' New Media Markets (NMM) reported. NMM study showed total of 75,811 cable subscribers of 523,213 homes passed, for penetration of 14.5%. Penetration rate still is below 14.7% peak in Jan., primarily because of rapid cable construction in U.K.

CBS GETS FIRST INTELSAT OKAY: Intelsat Dir. Gen. Dean Burch gave "expedited" authority for PanAmSat satellite to carry short-term broadcasts from Prague Nov. 25-26. Approval, Intelsat chief's first use of expanded powers granted by Assembly of Parties, enabled CBS to transmit exclusive news coverage of demonstrations in Prague live via satellite. Separate Czech approval of transmission continued trend of Eastern European countries of easing restrictions that began recently with E. German govt.'s approval for similar 10-min. telecast from E. Berlin.

Assembly allowed dir. gen. to use "expedited procedures" when short-term, unexpected and urgent need arose to use separate satellite system and no Intelsat facilities are available to carry service. Normally, customers have to get approval of both Intelsat board and Assembly of Parties to use separate satellite system.

CBS wouldn't disclose how it won Czech govt. approval for broadcasts, calling it "trade secret." CBS moved transportable earth station it had been using to cover events in W. Berlin to Prague. PanAmSat Pres. Fred Landman called speed of process remarkable, saying request was filed with Intelsat Nov. 22, and transmissions began Nov. 25. CBS had applied to W. German govt. for similar clearance in W. Berlin 2 weeks earlier and received authority.

PanAmSat recently requested temporary authority from FCC to use its PAS-1 to relay video transmission from Prague to U.S. on urgent short-term basis. Request, which was approved, was followed by another in which PanAmSat sought authority to provide satellite service to most of Eastern Europe. At our deadline, FCC decision on latter still was pending.

INTV board Nov. 30 selected its Vp-Govt. Relations James Hedlund to succeed Preston Padden as pres., "effective immediately." However, INTV Chmn. John Serrao said Padden, who is to become head of affiliate relations for Fox TV Network (TVD Nov 20 p6), will remain with INTV through Jan. 3-6 convention in L.A. Hedlund won out over half-dozen other candidates -- all of whom were interviewed Nov. 29, with conference call of full board confirming Hedlund next day. He joined INTV in March 1983, moving from NCTA, where he also was vp-govt. relations. Before that, he was Republican staff dir. of House Budget Committee and special asst. to dir.-Office of Management & Budget. He has degree in economics from Yale. Said Serrao: "He has the total support of the INTV board, based on 7 years of admirable and constructive work for all the independent TV stations... and has earned praise for his work on Capitol Hill and at the regulatory agencies. Hedlund provides us with organizational continuity and first-hand knowledge of the game plan devised by the board and carried out by Preston Padden." Said NAB Pres. Edward Fritts: "Jim has been a close friend and ally for many years in his government relations role at INTV. He is eminently qualified to carry forth independent television's agenda." Hedlund's first move as pres. was to promote Business Mgr. Alan Petronio to vp-finance.

Keystone/Wold International and Visnews
International have renewed agreement to provide satellite services for Japanese International Satellite Joint Users Organization (JISO). Keystone will continue to offer domestic U.S. satellite services, with Visnews providing production and playback. JISO is consortium of 6 Japanese TV networks: NHK-Japan Bestg. Corp., Nippon TV, Tokyo Bestg. System, Fuji TV Network, Asahi National Bestg., TV Tokyo (Ch. 12).

Personals

Thomas Murphy, Cap/ABC chmn.-CEO, receives IRTS Gold Medal Award at Waldorf-Astoria, N.Y., March 1... Changes at FCC: **Robert Pepper** named acting chief, Office of Plans & Policy, succeeding **John Haring**, named chief economist; **James Schlichting**, ex-aide to former FCC Chmn. **Patrick**, named acting chief, Common Carrier Bureau Policy & Program Planning Div.; **Elaine Lorentz** appointed confidential asst. to FCC Chmn. **Sikes**; she formerly held same post for then-Chmn. **Fowler** and for chief of FCC Office of Plans & Policy; **Theodore Waddell**, chief of FCC Domestic Radio Branch, retires Dec. 1 after 27 years with agency.

Changes at Hearst Bestg.: **David Barrett** named gen. mgr. of division including WBAL-TV Baltimore, new post; **Joseph Heston**, WTAE-TV Pittsburgh, joins WBAL-TV as station mgr... **Ruth Gruhin**, ex-Jim Henson Productions, named Viacom vp-litigation management, overseeing discovery phase of antitrust lawsuit filed against Time Inc. and its HBO and ATC units in May... **Kathie Culleton** advanced to vp-media and planning-ads and promotion, CBS/Best. Group.

John Fernandez, NTIA attorney-adviser with principal responsibility for Public Telecommunications Facilities Program, joins CPB as staff attorney... **Kevin Frazier**, ex-WUCM-TV University Center, Mich., named WGVU-TV-FM Grand Rapids/WGVK Kalamazoo promotion mgr... **Joseph Tropiano** advanced to dir.-editorial services, WNET N.Y.-Newark... Changes at TeleRep: **David Somerville** promoted to dir.-research, Wildcat station group; **Ron Garfield**, ex-MMT Sales, joins as San Francisco sales mgr.

FCC calendar -- Dec. 4: **Sikes** speaks at "Competition in the U.S. Telecommunications Market" conference, Intercontinental Hotel, London. Dec. 5: **Comr. Barrett** addresses Temple U. symposium, "Telecommunications Policy Issues for the 1990s," Rittenhouse Hotel, Philadelphia. Also slated to speak are House Telecom Subcommittee Chmn. **Markey** (D-Mass.) and **Thomas Sugrue**, NTIA deputy asst. secy.-communications and information. Dec. 6: **Sikes** addresses FCBA dinner in his honor, J.W. Marriott Hotel, Washington.

Speakers at Dec. 14 Communications Week forum, "The Intelligent Network: Strategic Resource in a Global Economy," Hyatt Regency Washington: **Sikes** and Mo. PSC Chmn. **William Steinmeier**... Speakers at Dec. 7 ATAS lunch on TV marketplace, Beverly Hilton Hotel, L.A.: **David Gerber**, chmn., MGM/UA TV Production Group; **Jerry Leider**, chmn., ITC Entertainment Group; **Sandy Wernick**, pres., Brillstein Productions... **Oliver North** addresses Jan. 9 HRTS lunch, Regency Beverly Wilshire Hotel., L.A.

Joe Roaden promoted to mgr., Pioneer Communication's cable TV field engineering group... **Steve Leeds** advanced at MTV to dir.-talent/artist relations special projects... **Rory Benson**, NAB senior vp-asst. to pres., elected to board, Mothers Against Drunk Driving... **Lee Roderick**, ex-Scripps League Newspapers, named asst. news dir.-managing editor, KSL-TV Salt Lake City... **Christopher Cathcart** appointed PR mgr., TBS N.Y... Appointments at Ikegami Electronics: **Morgan Rees** as national sales mgr., Professional Products Div., **Edwin Clare** as sales mgr., western region.

Arthur Kananack, ex-Viacom Enterprises pres., named pres., new Viacom Pictures' International Theatrical & Video Sales unit... **Laurence Bloustein**, ex-senior vp-PR, MTM

Enterprises, joins Harpo Productions and Harpo Studios Jan. 1 as senior vp-PR, advertising and mktg... **Peter Eldredge**, publisher, Rupert Murdoch's Premiere magazine, named vp-group sales, new unit that will sell ad packages for Fox Bestg. and other Murdoch media properties... President Bush will nominate **John Lyons**, dir. of Commerce Dept.'s National Engineering Lab, to be dir. of National Institute of Standards & Technology, succeeding **Ernest Ambler**.

Thomas Vanderslice, ex-Apollo Computer chmn., joins M/A-Com as chmn., succeeding **Thomas Burke**, who died in Sept. auto accident... **Maria Curry**, vp-gen. mgr., Agfa magnetic tape group, named pres., International Tape Assn., which recommends video and audio standards... New associates, law firm Fletcher, Heald & Hildreth: **Mania Baghadi**, ex-Arent, Fox, Kintner, Plotkin & Kahn; **Christine McLaughlin**, ex-Loomis, Owen, Fellman & Howe; **Timothy Schnacke**, ex-Lane & Mittendorf; **Estella Salvatierra**, ex-Wood, Lucksinger & Epstein; **Julie Rones**, ex-NAB and U.S. delegate to Space WARC... **La Mott Britto**, ex-CBS News press representative, joins HBO Inc. as mgr.-corporate PR.

Marc Lustgarten promoted to vice chmn.-development, Cablevision Systems, new post; **Sharon Patrick**, ex-McKinsey & Co., succeeds him as pres., Rainbow Programming Holdings... Changes at Cable & Wireless Communications: **Kathy Perone** advanced to vp-corporate accounts; **Lynette Steele**, ex-US Sprint, named mgr.-sales programs... **Joe Weidensall** promoted to vp-sports, Univision... **Mary Neagoy** promoted to press mgr.-news information, NBC... **Paul Dempsey**, ex-Telaction, joins Pioneer Communications of America as mgr.-sales/engineering, Cable TV Div.

Patricia Worthy, chmn. Washington D.C. PSC, named chmn. of NARUC Communications Committee, succeeding **Sharon Nelson**, NARUC pres.; **Nels Smith**, comr. on Wyo. PSC, named Committee vice chmn., succeeding Worthy... **Howard Shapiro** promoted to exec. vp, Playboy Enterprises... **Eric Friesen** resigns May 1 as exec. vp-dir.-programming, American Public Radio; among other things, he said he's candidate for top post at KTCA-TV St. Paul-Minneapolis, job being vacated by veteran public broadcaster **Richard Moore**... **Angel Morales** promoted to vp-dealer sales and services, Home Dish Satellite Networks.

Patricia Dennis, former FCC member, joins board of Telemundo Group... **Robert Koppel**, ex-assoc., law firm Arent, Fox, Kintner, Plotkin & Kahn, joins IDB Communications Group as dir.-legal and regulatory affairs... **James Rawls**, partner in Atlanta law firm Powell, Goldstein, Frazer & Murphy, adds post of gen. counsel, Ga. Assn. of Bestrs... **Thomas Mann**, ex-Jules Cohen & Assoc. and EZ Communications, joins KHJ-TV L.A. as dir.-engineering.

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CNN eventually will be available in private homes in Soviet Union under contract signed by Soviet TV authorities and Turner Bestg. System (TBS). CNN programming became available for first time in Soviet hotels in Aug., and new deal opens door to wider distribution. TBS said more hotels, as well as apartments, businesses, govt. institutions, mass media and "eventually" private homes will get access to network. Feed is uplinked to Russian cable systems and users by Soviet Intersputnik satellite. Deal was signed by **Vladimir Tavrin**, gen. dir. of Sovtelexport, arm of State Committee for TV & Radio, as well as **Stuart Loory**, TBS exec. dir.-international relations. Loory said cable systems in Baltic republics, Ukraine and Uzbekistan already have requested 24-hour service.

Consumer Electronics

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

STATE OF THE INDUSTRY

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

	NOV. 11-17	1988 WEEK	% CHANGE	NOV. 4-10	46 WEEKS 1989	46 WEEKS 1988	% CHANGE
TOTAL COLOR.....	456,939	527,453*	-13.4	372,389	19,283,334*	17,742,380	+ 8.7
DIRECT-VIEW...	450,116	518,383*	-13.2	367,628	19,064,892*	17,488,398	+ 9.0
PROJECTION....	6,123	9,070*	-24.8	4,761	218,442	253,982	-14.0
TOTAL VCR.....	342,386	343,160	- 0.2	216,944	10,060,021	10,630,085	- 5.4
DECKS.....	267,978	278,244	- 3.7	181,585	8,189,967	8,954,341	- 8.5
CAMCORDERS....	74,408*	64,916	+14.6	35,359	1,870,054*	1,675,744	+11.6

Color TV 5-week moving average: 1989--508,674*; 1988--498,989 (up 1.9%).

VCR deck 5-week moving average: 1989--278,783; 1988--289,840 (down 3.8%).

Camcorder 5-week moving average: 1989--71,106*; 1988--56,734 (up 25.3%).

* Record for period.

SONY SEEKS TV TUBE SITE IN EASTERN U.S.: Sony is searching out site for its 2nd American picture tube plant in eastern U.S., with western Pa. seen as most likely area. It's understood that any new plant will be equipped to make widescreen (16:9 ratio) tubes, possibly in addition to conventional 4:3 tubes. Western Pa. sites under consideration include RIDC Industrial Park in Allegheny County and North Hills area near Pittsburgh airport.

Sony America spokesman didn't comment directly, but denied any firm plans for plant. Sony has major Trinitron picture tube facility at San Diego TV set plant, turning out almost all its U.S. tube requirements, and recently embarked on \$100-million expansion to add 32" picture tube line there (TVD Nov 13 p8). It's only tube plant on West Coast, others being in East or Midwest, nearer materials sources.

Unnamed Sony officials are quoted in Japan Economic Journal as saying company will invest \$500 million over next 3 years in new U.S. facilities, including expansions in magnetic tape and disc plants. Meanwhile, Sony plans to construct \$175-million plant in Singapore to produce million picture tubes annually starting in spring 1992. First tubes will be 20" and smaller, and will replace Japan as tube source for its Malaysia TV plant, which makes 500,000 color sets monthly and is scheduled to increase to 800,000 by 1991.

Matsushita's Chinese joint venture picture tube plant in Beijing was dedicated belatedly after original ceremony planned for July was postponed as result of Tiananmen Sq. upheaval (TVD June 26 p15). The \$90-million plant, owned 50-50 by Matsushita and Beijing govt., has been in operation since June and has produced 70,000 tubes. After 2nd line is installed next June, annual capacity is expected to be 1.8 million tubes.

TOSHIBA JOINS THOMSON IN SINGAPORE VCR PLANT: Toshiba has bought 49% of International Video Products (IVP), owner of Thomson Consumer Electronics' (TCE) VCR plant scheduled to start production early next year. Companies are designing products jointly and will share equally in output of plant, which eventually will supply U.S. market under brand names of both.

IVP has doubled its capitalization to about \$21 million, and its 323,000-sq.-ft. factory will have annual capacity of million units, at start being assembled from Japanese parts supplied by Toshiba but later in 1990 manufacturing increasing percentage of own parts. First products will be low-end VCRs, with stereo models planned in mid-1990.

Production of VCRs for U.S. and Far East markets in Singapore has been planned by Thomson for some time (TVD Sept 18 p11). Thomson also owns 50% of J2T, European joint venture with JVC, which last fall produced its 5-millionth VCR. In Japan there was speculation that JVC turned down proposal from TCE to be partner in Singapore plant because it recently started production in own new Malaysian VCR plant (TVD Oct 23 p12, Aug 14 p12). Singapore plant isn't first Thomson-Toshiba venture -- they share microwave oven facility in France.

Toshiba apparently was receptive to TCE deal because its own elaborate plans for offshore VCR production had fallen through. In 1988 it signed agreement with Samsung for 2 joint ventures -- to make VCRs in Korea and VCR parts for assembly at its plant in Lebanon, Tenn. (TVD March 14/88 p9). Although Toshiba still has deal with Samsung for low-end VCR supply, joint ventures collapsed because of rising costs in Korea.

TCE's U.S. brands -- RCA and GE -- currently buy VCRs from Hitachi, Matsushita, Samsung. Company spokesman said those relationships wouldn't be upset because output of Singapore plant would be far too low to take care of demand here (however, Samsung as supplier of low-end products is most vulnerable). At outset, Singapore's output will be sold in Southeast Asia, Mideast and non-EC Europe, later in U.S.

CD-INTERACTIVE ADDS FULL-MOTION VIDEO: Philips has extended capabilities of Compact Disc-Interactive (CD-I) technology to include 70 min. of interactive full-motion video on standard 5" disc, and will feature full-motion video in commercial and consumer CD-I players scheduled for release in 1990 and 1991, according to spokeswoman in Eindhoven. Before latest enhancement, CD-I was limited to audio, text, graphics and still video presentations plus limited animation.

Full-motion video capability is made possible by video compression technique that doesn't affect quality of image, spokeswoman said. Philips didn't release details of technique, but spokeswoman said it involves "one-chip solution" that won't add to estimated cost of CD-I players (\$1,000 for consumer model). Philips developed real-time CD-I motion video with assistance from Matsushita and Sony, which agreed in May to join forces to improve technology. Philips said CD-I video was shown publicly for first time at licensee meeting in Tokyo Oct. 30, and will be demonstrated in U.S. early next year at multimedia trade shows. Although company demonstrated earlier version of CD-I at Summer Consumer Electronics Show last June in Chicago, it said new full-motion system won't be shown at Winter CES in Las Vegas next month.

Latest development brings CD-I closer to capabilities of Digital Video Interactive (DVI), CD-Read Only Memory (CD-ROM) format that allows 60 min. of full-motion video in addition to text, graphics, audio, still video. DVI was developed at Sarnoff Labs (former RCA R&D center) and sold by GE to Intel, which appears to be developing it primarily as commercial and industrial system, while Philips' CD-I emphasis seems primarily for consumers.

These rapid developments in interactive optical discs seemed to indicate that CD would be first truly digital video medium -- and raised question whether real future of videodisc and other prerecorded video media lies in 5" discs, and if so, how soon.

JAPANESE CAMCORDER EXPORTS SET RECORD IN OCT.: Japan shipped record number of camcorders to U.S. in Oct., despite fact that exports continue to exceed sales to dealers by wide margin. Meanwhile, average price of camcorder imported from Japan declined nearly \$100 from Oct. 1988, Japan's Finance Ministry figures showed. Color TV and VCR deck exports from Japan to U.S. fell sharply from Oct. 1988 and for first time there were no reported color TV chassis & kit exports.

Total of 318,738 camcorders were exported to U.S. in Oct., up 18.1% from 269,823 year earlier and exceeding previous record 312,020 in Aug. (TVD Oct 2 p12). Camcorder sales to dealers, as reported by EIA, rose 13.2% to 233,792 in Oct. Through first 10 months of 1989, camcorder exports from Japan rose 4.5% to 2,308,560 and sales to dealers 9.7% to 1,683,676. Although growth of sales outpaced that of exports, there still was apparent excess of 624,884 camcorders. Average price in Oct. was \$606.75, down \$97.16 from \$703.91 in Oct. 1988.

Japan is putting brakes on shipments of VCR decks to U.S., which declined for 2nd straight month after 6 consecutive months of substantial increases. Exports totaled 877,932 in Oct., off 13.9% in year. Shipments were up 8.5% to 8,523,382 in first 10 months, while sales to dealers in same period declined 10% to 7,417,459.

Japanese VCR deck prices in dollars declined in Oct., but decrease was result of change in yen-dollar rate. Average price of VCR deck was \$231.96, based on average 142 yen-to-dollar rate in effect for Oct., down \$7.07 from \$239.03 in Oct. 1988, when yen was 130 to dollar. If Oct. 1989 price were calculated using 1988 rate, it would be \$253.38. Deck price in yen in Oct. was 32,939, up 6% in year.

Complete color TV exports from Japan dropped 14.8% to 16,456 in Oct. It was 2nd straight decline following 8 straight monthly increases. There were no reported exports of color TV chassis & kits from Japan in Oct., compared with 14,989 in year-earlier period. Chassis & kit shipments have been dwindling since early 1988, except for Sept. jumped of 108.1% to 3,589. Through first 10 months, total color TV exports from Japan were up 21.6% to 212,064 and complete color sets up 31.2% to 197,075 but color chassis & kits were down 38% to 14,989. B&w TV exports fell 86.8% to 500 in Oct., 97.8% to 1,357 in Jan.-Oct.

Shipments of Compact Disc players continued high, up 27.1% to 415,946 in Oct. and 15.3% to 3,394,609 in 10 months.

Canada received 101,469 VCR decks from Japan in Oct., up 56.2% from Oct. 1988. Shipments in 10 months rose 28% to 746,298. Color TV exports to Canada decreased 9.6% to 1,818 in Oct., but rose 48.9% to 14,478 in Jan.-Oct. Camcorder shipments to Canada increased 51% to 20,762 in month, but inched down 0.2% to 132,896 in 10 months.

Japan's worldwide exports of TVs declined 5.7% to 563,000 in Oct., while value fell 15.4% to 19 billion yen. VCR deck exports were off 4.2% to 2,226,000 and value off 2.5% to 80.9 billion yen; camcorder exports rose 4.7% to 630,000, with value down 5.9% to 56.2 billion yen. Finance Ministry said value of TV shipments to China in Oct. plunged 79.9%, VCR decks 61.4%, camcorders 13.3%. China has virtually banned imports of those products since Aug. in austerity measure. TV sets and picture tubes are among 9 items that will require quality certificates in China, beginning in May, before imports are permitted.

BLACK INK SEEN LIKELY FOR ZENITH CE: Although proxy statement for sale of Zenith computer operations to Groupe Bull (TVD Oct 9 p9) indicates company's surviving consumer electronics and components business lost \$8 million in this year's first 9 months, it indicated that full-year operations for 1989 could be in black.

Pro forma statement of income from continuing operations shows loss deepened from \$4.9 million on same operations in comparable 1988 period. However, footnote to 1989 statement says interest income was excluded. Since company plans to use proceeds of sale to pay off all debts except convertible stock, investing "idle cash balances at prevailing rates," one analyst suggested that alone would have brought 9-month results to profit side. In addition, both periods exclude 4th quarter, normally most profitable of year; restating pro forma statement to include 4 quarters -- 4th quarter of 1988 plus first 3 quarters of 1989 -- would result in sales of \$1.562 billion and operating income of \$4.4 million, up 9.9% and 41.9%, respectively, from full-year 1988. Statement for calendar 1988 indicates computer operation lost \$14.3 million, while continuing operations earned \$3.1 million, resulting in \$11.2 million loss for combined operations.

This doesn't suggest company is out of trouble. However, it does indicate reasonable prospect for profits as consumer electronics specialist. Prospectus, concerned only with sale of computer operation, doesn't go into plans or outlook for remaining business, particularly any plans to improve profitability of consumer electronics.

Bull will buy computer business for book value plus \$91.9 million -- which was announced as \$635 million as of July 30, but is given in statement as \$606.9 million, based on decline in book value to \$515 million by Sept. 30 due to inventory liquidation. Actual selling price will reflect book value as of closing, expected following special stockholder meeting Dec. 28 in Glenview, Ill.

Sale will strengthen Zenith's balance sheet "significantly," Chmn.-Pres. Jerry Pearlman said last week in letter to stockholders. "Instead of being a highly leveraged company competing in 2 tough product lines of our business," he said, "Zenith will emerge as a conservatively financed company better equipped to compete in a product area in which we have been a leader for more than 70 years."

Breakdown of continuing operations shows profits from consumer electronics alone increased \$3 million in 1989's first 9 months over same 1988 period, but component profits declined same amount. CE improvement was "due primarily to increased revenues from sales of color TV receivers and color TV picture

tubes sold to other manufacturers," report says, adding that "Mexican labor costs were higher as wage increases far exceeded the rate of currency devaluation." It says color TV and VCR prices in this year's period were about same as last year's, stemming long string of declines, and color tube prices increased as result of worldwide shortage. Component losses were attributed to cost increases in Taiwan and Mexico.

Sale of computer business will reduce long-term debt \$193.6 million -- from \$308.6 million to \$115 million -- according to proxy statement, as company uses proceeds of sale to pay off all debts except convertible stock, which carries low interest rate of 6-1/4%. Sale covers Zenith Data Systems operation, including Heath. Zenith retains all consumer electronics, cable-TV equipment and tube businesses, including U.S. plants, 18 plants and warehouses in Mexico, plus Taiwan plant assembling video displays and components and Irish computer and component plant.

Deal involves future commitments for Bull to buy monitors from Zenith Taiwan plant, power supplies from Zenith's Chihuahua, Mexico, factory and computers from its plant in Ireland, with certain escape clauses included. Zenith also retains high-security military computer operation valued at \$13 million because of clearances involved, but agreement provides for eventual sale at book value if govt. permission can be obtained.

Both companies can use Zenith name, but after a period, Bull can't use name standing alone and Zenith can't use it for data processing products unless they're also consumer electronic products; use for combination data-consumer products can't occur for 8 years unless a Zenith competitor announces combination TV-computer earlier. Subject to this limitation, both companies would be permitted to market combination TV-computers under trademarks including Zenith name -- but Zenith couldn't call them "computers" and Bull couldn't call them "televisions."

JAPANESE PROFITS UP: Japanese companies enjoyed higher consolidated profits in first half ended Sept. 30, citing strong domestic sales and increased demand for information and communications products. Toshiba, NEC, Hitachi and Mitsubishi all had higher earnings and sales in period.

Toshiba net income rose 18% in first 6 months on 10% higher record sales. Most of sales growth came from information and communications products, including semiconductors, computers, fax machines and copiers, Toshiba said. It also cited strong Japanese market.

NEC net earnings gained 27% in first half on 10% higher sales, paced by strong sales of its Computer and Electrical Machinery Div., up 16.5% to \$4.5 billion. Unit accounted for 40.8% of total sales, up from 38.5% year earlier. NEC said electronic component and semiconductor sales increased 15.6% to \$2.1 billion.

Hitachi net earnings were up 19% in first half on 12% higher sales. Company said both domestic and overseas sales were strong. Consumer product sales declined 4% to \$3.4 billion. Color TV sales "were adversely affected by the situation in China and camcorders turned sluggish under the pressure of intensifying price competition," Hitachi said. Sales of information and communications products and electronic devices increased 15% to \$7.9 billion and accounted for 32% of total sales.

Mitsubishi earnings jumped 65% in half on 15% higher sales. Overseas sales rose 19% and accounted for 23% of total sales. Company forecast 37% gain in net earnings in full year to March 31 on 7.4% higher sales.

Consumer Steadicam, \$549 version of \$40,000 professional antishake camera system, has been developed by Cinema Products Corp., L.A., for 8mm and VHS-C camcorders. Developed by cinematographer Garrett Brown, Steadicam Jr. has 3.5" monitor, battery, steadyng mechanism, will be demonstrated in Las Vegas at Consumer Electronics Show.

Sony's first S-VHS recorder was introduced last week in Japan, where it will go on sale Dec. 16. Super-high-end editing model is priced at about \$1,290, far above current average of \$980 for high-volume S-VHS recorders. Sony's model has deck mechanism in middle (rather than to one side) to minimize effects of vibration, has digital time base correction (TBC) circuit, LCD remote control with jog-shuttle dial. Company plans to produce 8,000 monthly, expects S-VHS to represent about 15% of its total VHS sales, as opposed to total Japanese market figure of 20% (100,000 out of 500,000 VHS recorder sales monthly). Sony also introduced its first S-VHS cassettes -- listing in Japan at \$9.45 for T-60 and \$11.90 for T-120.

Korean electronics industry expects to expand shipments of camcorders overseas, Japanese report said. First Korean camcorder supplier, Samsung, began exporting units this fall, has delivered 3,500 to U.S. and will ship total of 30,000 to U.S. and Latin America in 1990. After 1991, production will be increased to 300,000, nearly 70% for export. Korea estimates worldwide demand for camcorders is rising 20-30% annually; demand there is up more than 100% in 1989 over 1988.

Tatung of Taiwan is building 4 manufacturing plants in Malaysia to make color TV picture tubes and electron guns for export. Company will invest \$370 million through subsidiary Chunghwa Picture Tube Components, Tatung official said. First phase of project, for electron gun manufacturing, will cost \$37 million and be completed by Feb. Further \$11 million will be spent on picture tube plant to be operating by late 1990. Details on other plants weren't disclosed.

THIS WEEK'S YEN RATE

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

SONY'S PRODUCTION: Sony will make 4.8 million VCRs, 5.2 million color TVs and 12 million Walkman units worldwide in fiscal 1989, which ends March 31, company said in Tokyo news conference to discuss latest financial statement that showed it nearly doubled net profit on 24.2% higher sales in 2nd quarter ended Sept. 30 (TVD Nov 27 p13). It forecast 24% increase in consolidated net income and sales in fiscal 1989. Sony officials gave these projections for worldwide production:

VCRs (including camcorders) will be split half and half between 8mm and 1/2", each reaching total of 2.4 million units in fiscal 1989; 8mm category will be up 1/3 from 1.8 million. Eighty percent of figure (1.92 million) will be camcorders and 60% (1.44 million) overseas sales. In 2nd quarter to Sept. 31, it produced 600,000 8mm units, up 50% from 400,000 in 1988 period. The 2.4 million 1.2" VCRs (no breakdown between Beta and VHS) will be up 20% from 2 million, and 600,000 in 2nd quarter represents 25% increase over 480,000 year ago.

Videotape -- Company is producing 12 million 1/2" cassettes monthly, 60% (7.2 million) VHS, rest Beta and 2.3 million 8mm cassettes monthly.

Color TV production this year of 5.2 million sets will be up 15.6% from 4.5 million in fiscal 1988. However, in 2nd quarter, output jumped 47.6% to 1.55 million from 1.05 million.

Compact Disc players produced in fiscal 1989 will total 6.5 million, up 44.4% from 4.5 million, with 2nd quarter at 1.65 million, up 57% from 1.05 million. About 30% of output is represented by combination player products and car players. In 2nd quarter, Sony produced more than 20 million CDs monthly -- 8-10 million in U.S., 8 million in Europe, 6 million in Japan.

Walkman production will total 12 million this year, up 9.1% from 11 million, with 2nd quarter totaling 3.2 million (up 60% from 2 million). Sony plants in 2nd quarter turned out 15 million 3.5" floppy discs and 450,000 disc drives monthly.

Sony estimated fiscal 1989 consolidated net sales at \$18.86 billion (up 24%), operating profit \$1.79 billion (up 56%), net income \$643 million (up 24%). Excluding recent Columbia Pictures purchase, it said consolidated net sales would be \$18.21 billion and net income \$714.3 million in fiscal 1989, indicating it believes Columbia's contribution will total \$643 million from Nov. acquisition through March and it will lose \$71 million during period. Although Columbia sales for Nov.-March are forecast at \$714 million and company is operating at profit, Sony said interest on loans and other acquisition expenses would result in loss on purchase this fiscal year.

Dynascan forecasts steep decline in 4th-quarter earnings from \$2.7 million in same 1988 period. Full-year earnings also are expected to be down. Company blamed poor consumer demand and various charges for declines. Dynascan will take \$1.25 million inventory writedown at Lloyd's affiliate and \$600,000 in charges stemming from consolidation of Lloyd's and Marantz.

Radio Shack Christmas Sale features 3-lux VHS camcorder with high-speed shutter at \$899, VCR with 14-day 6-event timer \$288 (\$62 off regular price), 2" LCD pocket color TV \$160 (down \$60), 2.5" LCD color \$200, portable programmable CD player \$160 (down \$60).

NO CE AID--WHITE HOUSE: Administration last week formally rejected proposal by its semiconductor advisory committee to sponsor new American consumer electronics industry and increase funding of Sematech (TVD Nov 6 p11 et seq.). White House Science Adviser Allan Bromley, testifying before Senate Defense Industry & Technology Subcommittee, said flatly:

"The money for direct government subsidies to somehow reverse the situation by brute force is not now available, and it is unlikely ever to be available. Even if such funding were available, it is unlikely that such an approach would work." National Advisory Committee on Semiconductors (NACS) had proposed formation of govt.-sponsored Consumer Electronics Capital Corp. (CECC) to finance new American entries into consumer electronics industry. It also proposed substantial increase in federal funding of Sematech consortium from its current \$100 million annually.

Bromley indicated govt. support of Sematech probably would continue at current level, saying he was "unaware of any move to reduce support" for it, commenting on reports by lawmakers that classified documents indicated Administration planned cut (TVD Nov 20 p10). He didn't address remarks directly to charge by same lawmakers that already announced HDTV display and processor grants by Defense Advanced Research Projects Agency (DARPA) wouldn't be funded. Subcommittee Chmn. Bingaman (D-N.M.) reiterated charges that Pentagon's HDTV program was facing cutbacks and said Defense Dept. research in such "high-risk, high-potential technologies" was appropriate.

PICS Previews Entertainment, Stamford, Conn., firm headed by ex-Forum Home Video Pres. Michael Olivieri, is test marketing videotape sampling machines in specialty stores. Company has completed 10-month tests of audio sampling in Musicland/Sam Goody locations, resulting in exclusive long-term agreements to place units in stores. Home video is next frontier, said Olivieri, who left Forum earlier this year. PICS investors and board members include Leslie/Linton Entertainment Group principals: Ex-MGM/UA Home Entertainment Chmn. Cy Leslie, former Drexel Burnham Chmn. Robert Linton, Leslie/Linton Pres. Joseph Cohen. PICS machines allow consumers to choose and watch 30-sec. previews of 80 titles by touching picture of title's box on keypad. Sixteen stores and 16 control stores were chosen from Applause, Blockbuster, Erol's, RKO Warner and West Coast locations for test, which is running Sept.-Dec.

Nintendo filed additional copyright and patent infringement claims last week against Atari Games and its Tengen subsidiary in U.S. Dist. Court, San Francisco, charging them with unlawfully obtaining copyrighted Nintendo computer security program from U.S. Copyright Office and using it to manufacture game cartridges for Nintendo Entertainment System. Amendment of earlier complaint filed by Nintendo alleges that Atari Games obtained Nintendo copy by "falsely representing that it was engaged in copyright litigation with Nintendo involving the program." Videogame maker seeks injunctive relief to bar Atari Games from producing or selling cartridges using Nintendo's copyrighted computer program, designed to combat illegal copying of games.

Movie critics Gene Siskel and Roger Ebert tout laserdisc format heavily in their Holiday Video Gift Guide, stressing picture quality and audio clarity. In 60-min. airing Dec. 2-17, in addition to recommended program discs, they suggest laserdisc players as gifts.

START'S HEALTHY START: Six months after Sony and Taiyo Yuden (TY) joined in 50-50 venture for small-scale production of Compact Discs using TY's write-once recordable CD technology, START Lab (for Sony-Taiyo Advanced Recording Technologies) gave us progress report on worldwide activities and offered first technical explanation of how TY system works.

When venture was disclosed last summer at Tokyo news conference (TVD June 19 p13), it was announced that Sony would furnish recorder and TY would produce discs. First-year sales were projected at about \$2 million, based on capacity of 10,000 discs per month. START Gen. Mgr. Hisashi Nakajima didn't reveal sales figures or unit volume so far, but said technology has found way into 13 different types of applications. As to worldwide availability of START service, Nakajima said: "We are accepting orders for recording services from parties (including those from overseas) who send us master tapes with proper copyright protection arrangement."

Decision hasn't been made whether to open U.S. subsidiary, he said, but there may be word in "few months." Nakajima all but ruled out consumer applications for foreseeable future. As for professional uses, he said it was "a little too early" to say when recorders and blank discs would be available to professional sound industry.

Vast majority of small-scale CDs so far have been produced for customers based in Japan, Nakajima said, with these applications: (1) Prerelease promotion for new record albums. (2) Private CD publishing. (3) CD-ROM discs. (4) Voice track for computer-aided instructions. (5) Sound effects and theme music for film postproduction. (6) Alternative to signal generators at audio manufacturing plants. (7) Replacement for endless tapes in public address systems. (8) Sound and "beep" tone tracks for slide projector synchronizers. (9) Prototype for in-flight audio systems. (10) Radio broadcast themes and commercial jingles. (11) Demo recording for musical auditions. (12) Background music source. (13) Psychoacoustic studies.

START's current price list is based on use of same 3/4" U-Matic master used by CD factories. But beginning this month, it plans to accept digital audio tape masters as well. Charges generally average \$32 per disc for runs of 10 discs or more.

START system uses blank disc of clear polycarbonate plastic coated with very thin layer of green dye. Topping dye layer is reflective gold layer, encased in protective layer of lacquer. Fine spiral groove is pressed into polycarbonate blank to guide recording laser optically along track with 1.6-micrometer pitch to match standard for prerecorded CDs. When beam from solid-state 6-9 milliwatt recording laser is focused on disc, it passes through clear polycarbonate but is absorbed by dye, raising its temperature to over 250° C (482 F). Heat decomposes dye and reshapes polycarbonate resin, causing it to expand and mix with decomposed dye, forming tiny "pit" that has decreased reflectivity. When disc is played back on conventional CD hardware, low-power laser beam reads deformed pits just as it would normal CD.

TY and Sony said tests showed write-once CDs are capable of being played more than 20,000 times without degradation by readout laser in conventional CD machine. START engineers are testing effects of humidity and sunlight on discs. Meantime, clients are being warned not to expose discs to excessive heat or sunlight for fear elements could affect dye.

COLOR TV PRICES UP IN SEPT: Color TV prices continued upward in Sept., rising 13.8% to \$384.56 from \$338 in Sept. 1988, latest ELCAP survey by Elrick & Lavidge said. Study of mostly mass-market retailers said rise in average price was greater than 6% for Aug. (TVD Nov 20 p17). Average projection TV was \$2,228, up 9.2% from \$2,414.

Breakdown of sales by price point for Sept. showed continuing trend toward higher priced sets. Some 19% of total color sets were \$500 or more (vs. 12.9% in Sept. 1988); 9.5% were \$400-\$499 (9.1%); 61% were \$200-\$399 (50.5%); 10.3% less than \$200 (27.5%). Projection TV shows opposite trend, with over-\$2,500 sets accounting for 24.1% of sales, down from 37.7% in year. TVs at \$2,000-\$2,499 accounted for 30.7% (vs. 42.3%); projection sets at \$1,500-\$1,999 42.5% (17.4%).

MTS stereo sets constituted 34.1% of color TV sales in Sept., up from 28.4%. Average price of stereo set jumped to \$600.34 from \$580.12, while monaural set price rose to \$264.16 from \$230.27. Some 85.9% of color TVs sold in Sept. had remote control, down from record 88.9% in Aug. but up from 76.3% year earlier.

Average VCR price in Sept. was \$300.90, up 60¢ in year. About 13.2% of VCRs sold in month had stereo hi-fi, down slightly from 13.3% in Sept. 1988.

Breakdown of camcorder sales by format shows 8mm continuing surge at expense of VHS-C and VHS full size, with record 30% of all camcorder sales, vs. only 6.4% in Sept. 1988. Share was up from 25.2% in Aug. and previous high 26.8% in July. Except for Aug., 8mm share has risen from preceding month in every month of 1989. Meanwhile, VHS-C share fell to 1.7% from 9.1%. VHS-C has had 2% or lower share for 4 straight months. Full-size VHS had 68.3% share, down from 69.4% in Aug. and 84.5% in Sept. 1988.

ELCAP reports now include executive summary by Paul Harding, former corporate analyst for RCA and Thomson and former chmn. of EIA Consumer Electronics Group Mktg. Services Committee. In summary of July survey (TVD Oct 23 p18), Harding noted that every screen-size category in projection TV was down in price, and average price of small-screen (36-37") projection TV fell below \$1,000 for first time, brought down to \$919 by "further liquidations," he said.

Other Harding observations: 25" table model category remains dividing line between screen size groups showing lower dollar mix vs. unit mix (20" and below), and those with high dollar percentage of sales vs. their unit percentage; MTS stereo is being included in growing number of smaller sets.

Ads & Promotions: Memtek announced radio ad campaign through Dec. 24 in 10 major U.S. markets to support Memorex headphones and HBS II audio cassettes... Acclaim Entertainment launches TV ad campaign for Nintendo videogame hardware and software products, with RDA International, N.Y., as agency... Motorola cellular portable phone is free gift from TWA with purchase of every first-class or business-class round-trip ticket from London to U.S. through April 30. Promotion offers higher priced phones for frequent fliers... Sherwood appoints Jefferson/Acker as ad agency for home and car audio products... Maxell packaging for videotape identifies each type by end use for which it's intended.

EIA SURVEY ON CES: Some 68% of consumer electronics buyers said they prefer 2 Consumer Electronics Shows annually, but 69% of exhibitors favor one, according to survey conducted by EIA's Consumer Electronics Group (CEG) through Jacobs Jenner & Kent. Results, in 2 major sections covering buyers and exhibitors, were unveiled by EIA at N.Y. news conference last week after preview in Oct. (TVD Oct 23 p14).

Most exhibitors that prefer one CES are firms with less than \$1 million or more than \$10 million in annual sales, survey showed. If there were one show, 53% of users would prefer that it be in Jan., 27% in May-June. Las Vegas was site of choice for single show.

Majority (81%) of exhibitors said participation in future shows will remain same or increase. Average exhibitor spends 19-26% of annual marketing budget on trade shows. Primary goals for exhibiting: Establishing new sales leads (33%), selling products or services (27%), introducing new products or services (23%), enhancing image (17%). Most important factors in deciding to exhibit: Quality of attendees (30%), number of attendees (23%), cost (11%), image of show (10%).

Most exhibitors (74%) said Winter CES is more valuable than Summer, mainly because it has more of their buyers, comes at beginning of new buying year, has higher attendance. Exhibitors said Winter show is easier to get to, has more qualified buyers, more exhibitors, better accommodations, more new products, while Summer show has better business climate, but difficult labor conditions, higher cost, accommodation problems.

Major exhibitor activities: Talking to potential new clients (43%), meeting with current clients on show floor (38%), meeting with clients off show floor (19%). Only 35% of exhibitors attend CES workshops, 75% are aware of special exhibits such as Design & Engineering and Software Showcase, 19% of how revenues from CES are used in programs to benefit industry, 38% said there should be special day or hours when show is open to public. About 63% of exhibitors said show length is satisfactory, 30% too long, 7% too short. Most (84%) said Winter show is held at right time of year, 60% said Summer show is.

Those 32% of buyers who preferred single show were "generally companies with relatively fewer store locations" and smaller annual sales volume, CEG said. About 46% said they always attend both shows, but 54% of buyers differ between the 2. Average total annual sales volume represented by each buyer is \$10.2 million for Winter CES and \$10.4 million for Summer. Those who always attend both shows represent average \$15.4 million per company in annual purchasing power, occasional attendees \$5.2 million. Half of buyers said Summer show is more valuable, 39% prefer Winter, 11% said they're equal.

Breakdown of buyers shows 51% are mktg. or sales executives, 20% pres. or CEO, 18% business owners. On average, they spend 34% of their annual budget at Summer show, 30% at Winter show. Most spend 3-4 days at shows, 80% are satisfied with current length, 6% said they're too long, 12% too short. Most buyers (81%) said Summer show is appropriate for their business cycle, 73% said Winter show.

Most common buyer activities at shows: Looking for new products or technologies (34%), attending scheduled exhibitor meetings (25%), looking for new suppliers (24%), attending off-site exhibitor meetings (11%), attending off-site nonexhibitor meetings (8%). Less than half (43%)

attend CES workshops, but 63% of those find them useful. About 66% of buyers expect their companies' general trade show attendance to increase.

Survey of 700 buyers and exhibitors was conducted over 18 months in 1988-1989 through interviews and focus groups. Sample base represents "entire range of buyer and exhibitor companies by annual sales size and product category," CEG said. Data have 95% confidence level. CEG Vp and CES Show Mgr. Dennis Corcoran said no changes in CES programs are expected as result of survey.

* * * * *

Home office overview session at Winter CES Jan. 8 will be conducted by Paul & Sarah Edwards, authors of "Working from Home."

SANSUI TV IN LATE 1990: Although it expects to show prototypes at Consumer Electronics Show in Las Vegas next month, Sansui won't have products resulting from its new affiliation with Polly Peck International (PPI) "before the 2nd half of next year." So said Sansui Pres. Hiro Higashiomori in first press interview since PPI's purchase of 51% purchase of company (TVD Oct 30 p15).

Sansui has been "shrinking" over last 4-5 years because of lack of capital, he told us. "But now with the infusion of new capital, we can go ahead with some of our plans." Only near-term sign of "new Sansui," he said, will be ad campaign, breaking early next year. "We want to be known as a key player in the marketplace, to consumers as well as the trade," but ads won't be geared to new products until availability schedule is more definite.

Projection TV, digital TV and laserdisc players are possibilities for near future, as are video products under high-end Vintage brand offered selectively through hi-fi independents, Higashiomori said. Game plan, he said, is to use products to rebuild confidence in brand. "We must convince people by more than words, and gradually regain the confidence of dealers," he said. "They must make a profit, just as we must make a profit." He said he hopes new capital will end "whispering campaign about the company's financial status," including layoff rumors within company itself, which he said are unfounded. On PPI deal, Higashiomori said "I'd be lying if I told you I wasn't surprised" when he learned Sansui was being purchased by non-Japanese company. But in era when Sony and others are stressing their "global posture," he asked, "what's wrong being part of a non-Japanese company?"

Note: In our Nov. 6 report on PPI Tokyo news conference, extra zero was added mistakenly to forecast by Norbert Wirsching, PPI's electronics chief. He predicted Sansui's annual sales would total \$700 million in 5 years, up from present \$176 million. We regret the error.



LaserVision Assn. (LVA) has elected board to establish hardware and software standards (see Personals). Board already has changed certification mark from LaserVision to laserdisc after Pioneer released trademark to public domain. LVA will control use of name in market to assure consistency. "The market environment indicates the need to develop consumer acceptance of the format," said new chmn. Bud O'Shea, MGM/UA Home Video chmn.-pres. "With the support of hardware and software laser videodisc suppliers, we have the opportunity to collectively expand public awareness and contribute to the success of the format." LVA will accept new memberships at Jan. 8 Winter CES.

Consumer Electronics Personals

Promotions at Toshiba America: Mike Shishkoff to product mgr., eastern zone; Mark Toner to sales promotion mgr.; Cathy Derechailo to PR mgr.; Donald La Dieu to strategic market planning mgr.; Stan Brown to key account mgr... I. Yoshii, ex-gen. mgr., video marketing in Canon's Management Div. in Tokyo, named senior dir. of Canon U.S.A. Video Div., responsible for sales and marketing programs and reporting to Everett (Sparky) Wren, vp-gen. mgr. of Canon's Video and Still Video Divs... Dan Angell resigns as Dishwasher national sales mgr. to start Midwest Sales rep organization with former RCA Branch Mgr. Joseph Lindl... Peter Paterno, ex-Manatt, Phelps, Rothenberg & Phillips, L.A. law firm, named pres. of Hollywood Records, new Walt Disney Co. subsidiary.

Bud O'Shea, MGM/UA Home Video pres., named chmn. of LaserVision Assn.; Pioneer's Michael Fidler appointed secy.-treas. Named to board: Marty Greenwald, Image Entertainment; Pete Imamura, Pioneer Communications, Tad Sakai, Pioneer Video Mfg.; Emiel Petrone, Polygram CD Video... New members of Car Audio Specialists Assn. board: Robert Ain, Polk Audio; David Marinello, International Jensen; Steven Valentine, Sanyo Fisher... Changes at Sherwood: Jay Suh promoted to vp-operations; Richard Eichler named national sales training mgr.; Linda Rediger appointed asst. credit mgr... Arthur Kananack, Viacom Enterprises Pres., to head international theatrical and video sales for Viacom Pictures, continuing to report to Viacom Bestg. and Entertainment Groups Chmn.-CEO Henry Schleiff.

Sharp attacked Wall St. Journal article that painted gloomy picture of "palmtop" computer market, saying report was "very misleading" and confusing. Article Nov. 27 said organizer products, such as Sharp's Wizard, aren't catching on with consumers because they're priced too high and are difficult to use. It quotes Sharp Personal Home Office Electronics Div. Gen. Mgr. Paul Allan as saying: "Why do I need to spend between \$200 and \$300 for this? What can it do for me?" But Sharp spokesman said quote was misleading because article omitted Allen's answer to his own question, citing reasons for buying product. Spokesman said Sharp also is unhappy about negative comparisons between U.S. and Japan sales. "U.S. sales have actually been good," she said. Sharp hasn't cut Wizard price, although product has been available at huge retail discounts.

Marketing hits of decade include Nintendo videogames, IBM personal computer and Apple Computer Macintosh, Wall St. Journal said in report on 1980s marketing milestones. Marketing "misses" include RCA Selectavision videodisc player and IBM PCjr personal computer. Nintendo game tops Christmas toy hit list for 2nd straight year, according to survey of consumers and retailers by Wirthlin Group, McLean, Va., research firm. Also cited in top toy list were Nintendo's Gameboy portable videogame and Mattel Power Glove accessory for Nintendo system.

Untapped market of 50 million dogs is targeted by Minneapolis-based Made For Dog Video Inc. with 25-min. Doggie Adventure for owners to use to entertain their pets when they're left alone. Program -- expected to be first in series -- was filmed from dog's perspective with help of animal guidance counselor, company said. Distribution arrangements for \$14.95 title are being negotiated, Made for Dog founder Harley Toberman said. Company also has set up 800 number for consumers, and presumably their pets, to order cassette.

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HDTV should play major role in "new convergence of video, computing and communications" in future, Sarnoff Center Information Systems Dir. Curtis Carlson told security analysts in N.Y. last week. Convergence will lead to advances such as high-resolution video work stations or home communications centers capable of receiving or processing information from VCRs, cameras, teleconferences, fax, broadcast and cable TV.

Shintom brand name will go on 2 new VCRs introduced by OEM manufacturer. Leader model has 110 channels, stepup 181 with on-screen programming; both are 2-head with 6-event 14-day programming, unpriced. Shintom also introduced auto answer transportable cellular phone operating from camcorder-type slide-in battery, at \$1,250... Samsung introduced personal fax, phone, copier with speed dialing at \$1,200.

Sega will establish R&D company in U.S. to develop videogame software for home and business use. Details, including location and financing of new venture, weren't available at our deadline.

"New category of music system" developed by Henry Kloss will be unveiled by Cambridge SoundWorks this week in N.Y.

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IN THIS ISSUE: Warren Publishing's List of Top 100 Cable Operators
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DECEMBER 11, 1989

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

BIG CABLE RATE INCREASES: USTA says 177 of 191 systems surveyed exceed GAO's national average. Figures seen likely to heat up statistical controversy in regulation debate. (P. 1)

TOP 100 CABLE SHARE GROWING: Growth rate of large operators accelerates. Exclusive figures show top 100 had 50,127,134 basics. (P. 3)

NTIA STUDIES SPECTRUM: Report and recommendations to be published next year, is agency's "number one priority," according to dir. Emphasis to be on allocations for govt. and commercial use. (P. 5)

NAB TASK FORCES MOVING on cable, teleo issues. Broadcasters seeking payment from cable for retransmissions, also more assurances before allowing telco entry into cable. (P. 6)

FINSYN TALKS MORE SERIOUS: Attitudes changed from 8 months ago. Fox TV rethinking position backing programmers. (P. 6)

POLISH CABLE SERVICE: Polish govt. joins with Chase Enterprises, plans to invest more than \$900 million to wire entire country. Warsaw and Krakow first targets. (P. 7)

NCTA CLAIMS FEE INFLATION: Assn. asks Copyright Office to charge royalty only for programs actually carried. Professional sports also make filing. (P. 7)

USTA CLAIMS LARGE CABLE RATE INCREASES: Congress should focus on local cable service rates, not only national averages, when making decisions on deregulating cable and allowing telco entry into cable, according to USTA, which has developed own set of figures on rates. Figures, which have been provided to congressional staffs, are latest round in what has emerged as controversy over validity of statistics used to determine whether cable rate increases are excessive.

USTA said 177 of 191 cable systems surveyed exceeded 29% average national rate increase in 1986-1989 period reported by General Accounting Office (GAO), with 46 of those upping rates more than 100% and 10 more than 200%. Survey was done to fill in gaps in GAO work, USTA said. GAO study didn't include individual system data, and lawmakers have demanded agency provide follow-on, which is in works. USTA survey involved larger communities in 20 states -- those represented by members of Senate Commerce Committee. USTA Exec. Dir.-Govt. Affairs Gerard Lederer said Assn. has begun surveying rest of states, but figures aren't complete.

Consumer Electronics

1% EXCISE TAX on imported electronic products proposed by IRS as result of new 'sleeper' law. EIA mobilizing industry to push for alternative tax. (P. 9)

NEW PHILIPS TUBE PLANT, scheduled for Midwest, will make 27" tubes first, HDTV types later in \$100 million expansion. Million tubes per year in Phase I. (P. 9)

NINTENDO FACES possible Justice Dept. antitrust probe, following House Antitrust Subcommittee claims that company monopolized U.S. videogame market. (P. 10)

FINAL QUARTER SHAPES UP as big disappointment for industry so far, with Nov. sales down in every major video equipment category except camcorders. (P. 11)

TCE'S 'FIRST WORLDWIDE TV' is high-end 9" set that will be introduced in America, Asia, Europe. Common chassis also will be used for 13" receivers. (P. 12)

NEW SUIT CHARGES EMERSON with failure to disclose insider trading. Emerson flatly denies alleged violations of Securities Act. (P. 13)

KLOSS'S PORTABLE HI-FI fits in suitcase that doubles as subwoofer for CDs and cassettes. (P. 13)

CD-R COPYRIGHT TALKS by new working group could start next month in Tokyo. Debit card system to pay copyright owners? Sanyo develops SCMS chips. (P. 14)

USTA data were provided to senators -- but not made public -- before cable oversight hearing last month by Senate Communications Subcommittee (TVD Nov 20 p1). Some members used information to challenge cable industry's opposition to rate deregulation -- notably Sens. Ford (D-Ky.) and Gore (D-Tenn.). Specificity of data is said to have increased senators' concern about cable. Subcommittee Chmn. Inouye (D-Hawaii) is example: His opening statement made clear his reluctance to tamper with 1984 Cable Act only 3 years after rate deregulation, and at hearing's end he made tough statement that focused on what he said appeared to be widespread rate escalation.

Large cable rate boosts aren't isolated instances, USTA said. Cable industry has said repeatedly that examples of large increases are aberrations, citing figures from GAO and Bureau of Labor Statistics (BLS) that it says showed relatively modest average advances nationwide. GAO report said average charge for basic cable service has gone up less than 29% since deregulation (TVD Aug 7 p3).

USTA survey compared basic cable rates, which Assn. obtained from 1986 edition of Warren Publishing's TV & Cable Factbook, with current prices that Assn. staff obtained in telephone calls to customer service representatives at cable systems. USTA said its staff asked for lowest-priced basic service available at each system, and in many cases made several calls to check accuracy.

Survey isn't meant to be scientific, Lederer acknowledged, and wasn't intended to question validity of GAO study. There are problems apparent with USTA figures: (1) Data compare rates such as \$2 for lifeline service that Cablevision Systems was required to offer in Boston before deregulation with \$15.95 full basic service rate now offered, resulting in largest (698%) increase found in study. (2) Study doesn't tie increases to system upgrades, channel expansions and new program offerings, which are noted only in body of report.

(3) Some cable systems still claim to offer lower rates than those cited by USTA, although Assn. said survey asked each system for lowest basic cable rate available. (4) Some of 1986 figures were slightly outdated. In some cases, Factbook figures were year or more old because cable operators hadn't provided latest data. But in virtually every case of largest increases, 1986 base data were recent. (5) USTA acknowledged figures may have been skewed slightly by sample -- it sought rates only for larger communities in each state and wasn't able to get comparable data on some of them.

Problems don't invalidate survey, Lederer said. He acknowledged data couldn't be used to document nationwide cable rate increases, even after other states are added. "The point is that the national numbers are not helpful when you're dealing with local monopolies," he said. "It doesn't matter if cable rates only went up 29% nationwide if they went up 140% in your community." He said survey is important to show that large rate boosts aren't aberrations.

NCTA spokesman said results of USTA survey are colored by group's vested interest. He said it's "optimistic for the USTA to assume that it has greater objectivity and statistical expertise than the GAO" or BLS: "It is risky for an industry with the competitive track record of the telephone companies to suggest that regulatory policy should be based on anecdotal evidence... It is of more than a little interest that companies that raised rates more than 50% since divestiture [for same basic telephone service] would want to make a federal case of cable rate increases." Spokesman pointed out smaller cable rate increases include improved service.

Alaska was only state where rate boosts were below national average. All 4 cable systems surveyed there had increases of less than 29%, and one actually dropped 29%. None of other 19 states surveyed had more than one system with increase of less than 29%, although 2 in S. Carolina had exactly 29%. Some of largest jumps were in Tex., where 33 systems exceeded 29% growth rate and 14 topped 100%. Largest was in Dallas, which also had \$2.95 lifeline service in 1986 but now charges 407% more (\$14.95 plus tax), followed by 212% in Wichita Falls with \$18.69.

Prices still remain relatively low in communities with largest rate advances, NCTA said. Other large increases: (1) Milwaukee -- up 532% compared with \$2 lifeline service. Cable officials said lifeline service still is available, but USTA said it never was offered to its staff in repeated calls seeking lowest-priced service available. (2) Northwest Phoenix -- up 354% to \$17.95. (3) Glendive, Mont. -- up 325% to \$17. (4) Vancouver, Wash. -- up 278% to \$14.95. (5) Poplar Bluff, Mo. -- up 229% to \$16.45. (6) Shreveport -- up 223% to \$16.80. (7) Louisville -- up 204% to \$17.50.

Rates jumped more than 100% in: Ky. -- Bowling Green, Hazard. Mass. -- Marlborough. Mo. -- Cape Girardeau, Jefferson City. Neb. -- Grand Island, Hastings. Nev. -- Henderson, Las Vegas. Ore. -- W. Portland. S.C. -- Columbia. S.D. -- Watertown. Tenn. -- Chattanooga, Knoxville, Murfreesboro,

Nashville. Tex. -- Abilene, Amarillo, Austin, Corpus Christi, Houston, Irving, Jacksonville, Laredo, Rosenberg, San Antonio, Tyler. Va. -- Newport News. Wash. -- Bellingham, Yakima. W. Va. -- Charleston, Clarksburg, Wheeling. Wis. -- Kenosha. Systems with increases of less than 100% were widely dispersed between 29% and 99%.

TOP 100 GRADUALLY INCREASING SHARE: Growth rate of top 100 cable operators accelerated last 6 months, compared with preceding 6 months, through internal growth and acquisitions. You should be cautioned, however, that there continues to be some duplication in figures below because operators vary in ways they report. Some include only systems they own 100%; others may include those in which they hold more than 50%; still others include systems in which they have even minority interests. With that caveat, here are some key figures:

- (1) Top 100 had 50,127,134 basic subscribers as of Oct. 15, up 5.8% from April 1. Preceding 6 months' growth was 5.4% (TVD May 22 p3).
- (2) Their pay-TV units numbered 40,679,114, also up 5.8%, vs. 3.3% increase during preceding period.
- (3) Top 100 pass 83,864,045 homes, up 5.1%. In previous 6-month period, increase was 4%.

Our careful estimate of duplication indicates that top-100 basic subscribers are overstated by 2.65 million, pay units by 2.15 million, homes passed by 4.5 million.

Note: Based on our 40 years of tracking details of all cable systems, we again offer most up-to-date data -- on computer, updated weekly since 1970. We'll be demonstrating at Western Cable Show: Booth 1236-1238, phone 714-490-2752. Attending are Nancy Cramer, Mary Crowley, Gene Edwards, Mike Feazel, Lynn Levine, Wendy McWilliams.

FIRST 50

Rank	System Operator	Number of Subscribers	Pay-Cable Units	Homes Passed by Cable	Miles of Plant	Miles to be added in 12 months
1.	Tele-Communications Inc. ^a	7,604,000	5,751,000	13,160,000	112,250 ^b	N.A.
2.	American TV & Communications Corp. ^c	3,535,266	2,678,620	5,136,277	47,300 ^b	N.A.
3.	Continental Cablevision Inc.	2,525,000	2,675,000	4,500,000	45,850	1,000
4.	United Artists Entertainment Co.	2,500,000	2,200,000	4,600,000	47,800	N.A.
5.	Comcast Corp. ^d	2,310,000	1,885,000	3,958,000	44,505	N.A.
6.	Warner Cable Communications Inc.	1,713,000	1,503,000	3,276,000	30,543	N.A.
7.	Storer Cable Communications	1,545,000	1,220,000	2,600,000	32,998	N.A.
8.	Cox Cable Communications	1,528,390	1,293,057	2,612,719	24,189	N.A.
9.	Jones Spacelink Ltd.	1,394,701	1,069,944	1,768,245 ^e	22,488 ^e	N.A.
10.	Cablevision Systems Corp.	1,387,771	2,726,814	2,335,035	14,650 ^f	N.A.
11.	Newhouse Bcstg.	1,191,514	1,108,463	1,756,360	24,317	1,070 ^e
12.	Times Mirror Cable TV	1,071,282	748,450	1,798,950	16,600 ^g	N.A.
13.	Heritage Communications Inc.	1,021,000	747,660	1,903,400	20,070	N.A.
14.	Cablevision Industries Inc.	991,228	748,466	1,570,736	26,290	4,500
15.	Viacom International Inc.	986,000	665,000	1,620,000	12,900	N.A.
16.	Sammons Communications Inc.	873,590	626,606	1,376,097	15,500 ^g	N.A.
17.	Century Communications Corp.	825,000	453,100 ^e	1,438,800 ^e	14,950 ^e	250 ^e
18.	Adelphia Communications Corp.	766,000	563,000	1,182,000	14,000	500
19.	Paragon Communications	764,734	511,380	1,363,723	12,100 ^f	N.A.
20.	Falcon Cable TV	606,220	598,667	767,545	16,953 ^e	N.A.
21.	TeleCable Corp.	584,552	298,575	905,790	11,868	500
22.	Cooke Cablevision	584,003	290,413	946,881	14,188	N.A.
23.	WestMarc Communications Inc.	563,729	313,348	787,670	11,590	N.A.
24.	KBL Cable Inc.	540,000	464,000	1,082,000	8,944 ^e	69 ^e
25.	Scripps Howard Cable Co.	540,000	480,000 ^f	980,000 ^f	6,000 ^f	N.A.
26.	MultiVision Cable TV Corp.	499,491	370,904	828,164	13,349	N.A.
27.	Tele-Media Corp.	469,037	175,574	707,816 ^e	9,500 ^f	N.A.
28.	Prime Cable Corp. ^h	468,822	440,028	1,008,685	10,142 ^e	400
29.	Maclean Hunter Cable TV	455,018	599,777	955,138	5,598	500
30.	Lenfest Communications Inc.	440,983	436,461	650,379	6,785	250
31.	Post-Newsweek Cable Inc.	413,213	270,263	614,775	8,000	N.A.
32.	Cencom Cable Assoc. Inc.	410,000	366,000	850,000	4,292	300
33.	TCA Cable TV Inc.	405,000	204,000	590,000	6,500	100
34.	Multimedia Cablevision Inc.	328,902	269,951	596,731	5,936	100
35.	Colony Communications Inc.	327,934	285,182	553,088	4,617	275
36.	Simmons Communications Inc.	315,000	185,000	528,000	7,158	500

(cont'd next page)

Rank	System Operator	Number of Subscribers	Pay-Cable Units	Homes Passed by Cable	Miles of Plant	Miles to be added in 12 months
37.	Rifkin & Assoc.	312,700	165,100	493,100	8,400 ^f	N.A.
38.	TKR Cable Co.	289,300	331,800	442,000	5,000	144 ^e
39.	Western Communications Inc.	287,800	161,293	377,783	3,570 ^c	N.A.
40.	Triax Communications Corp.	279,612	125,438	447,633	10,114	N.A.
41.	Star Cablevision Group	238,413	119,908	345,800	2,000 ^g	200
42.	Hauser Communications	225,000	254,000	498,000	5,647	602
43.	Service Electric Cable TV Inc.	220,000	57,000	300,000	6,500	150
44.	Greater Media Inc.	205,000	214,900	339,500	3,182	100 ^e
45.	King Videocable Co.	193,413	131,617	327,000	2,189 ^f	N.A.
46.	Harron Communications Corp.	184,344	159,137	259,373	4,512	150
47.	Columbia International Inc.	182,000	174,000	332,000	3,750	140
48.	Media General Inc.	181,785	223,687	280,919	3,418	178
49.	Insight Communications Co.	175,000	125,000	360,000	7,500	1,000
50.	US Cable Corp.	172,500	149,500	325,000	4,550	150
Total—Top 50		45,632,247	37,615,083	76,437,112	801,052	13,128

SECOND 50

51.	C-TEC Cable Systems	171,600	136,110	267,000	6,000	266
52.	Sutton Capital Group	170,000	202,000	283,000	2,600	140 ^e
53.	Palmer Communications Inc.	166,059	65,096	219,937	2,600	175
54.	Wometco Cable TV Inc.	159,361	98,377	289,592	5,609	488
55.	Kansas City Cable Partners	156,632	155,090	327,950	3,161	58
56.	Armstrong Utilities Inc.	153,902	94,416	195,197	3,194	250
57.	McDonald Group ^g	142,548	61,841	208,873	2,500	450
58.	Summit Communications Inc.	140,896	98,435	223,423	3,828	166 ^e
59.	Northland Communications Corp.	136,715	52,418	193,064	4,204	N.A.
60.	Blade Communications Inc.	135,414	64,622	219,320	2,200	20
61.	Centel Cable TV Co.	130,000	39,000	183,500	13,141 ^g	N.A.
62.	Bresnan Communications Co.	129,780	56,712	189,203	2,587	67
63.	Booth American Co.	125,437	77,140	171,676	2,874	50
64.	Susquehanna Cable Co.	117,109	76,002	163,382	2,300	209
65.	United Video Cablevision Inc.	115,818	82,430	168,366	3,711	N.A.
66.	G. C. Assoc.	115,298	105,000	244,000	1,999	N.A.
67.	Pencor Services Inc.	108,564	53,292	119,831	3,160	350 ^e
68.	Sonic Communications	101,000	51,000	160,000	1,825	50
69.	Group W Cable of Chicago Inc.	98,479	146,000	358,291	1,003	N.A.
70.	WEHCO Video Inc.	95,666	51,830	134,000	2,265	80
71.	First Carolina Communications Inc.	94,253	45,497	132,719	3,255	N.A.
72.	Gilbert Media	93,000	190,000	232,000	850	N.A.
73.	Coaxial Communications	83,300	72,800	162,900	2,500	200
74.	Barden Communications Inc.	79,783	192,420	238,353	2,365	533 ^e
75.	James Cable Partners	76,756	26,386	92,101 ^f	1,682 ^f	N.A.
76.	Mission Cable	74,223	38,552	146,148	2,712 ^e	400 ^e
77.	Douglas Communications Corp. II	70,950	34,975	121,550	2,850	N.A.
78.	Midcontinent Cable Co.	65,742	23,402	87,747	1,191	N.A.
79.	Fanch Communications Inc.	65,000	38,000	107,000	N.A.	N.A.
80.	Chambers Communications Corp.	64,039	25,494	94,942	945 ^g	N.A.
81.	Cardinal Communications Inc.	61,287	33,146	84,069	1,184	100 ^e
82.	Helicon Corp.	60,000	20,725	87,000	1,692	100
83.	Omega Communications Inc.	60,000	20,000	93,000	1,600	N.A.
84.	Hearst Cablevision ^e	58,200	43,800	108,740	850 ^f	N.A.
85.	State Cable TV Corp.	56,183	29,178	60,000 ^f	1,228 ^e	369
86.	Twin County Cable TV	55,000	15,000	100,000	2,200	300
87.	Galaxy Cablevision L.P.	54,868	30,000	114,666	3,100	300
88.	Valley Cable	53,345	53,900	69,428	932	50
89.	Verto Cable TV ^f	52,978	23,255	88,230	535	N.A.
90.	Prestige Cable TV Inc.	52,774	27,164	74,818	1,886	250
91.	New England Cablevision Inc.	52,409	37,113	68,329	1,049	100
92.	Leonard Communications Inc.	51,700 ^f	20,700 ^b	83,750 ^b	N.A.	N.A.
93.	Bill Daniels	51,388	41,477	69,784	789	78
94.	Joseph S. Gans	51,000	15,000	70,000	1,100	100
95.	Telesat Cablevision Inc.	49,344	36,846	78,449	1,300	540
96.	Rock Assoc.	49,053	26,850	72,675	975 ^e	5 ^e
97.	Donrey Media Group Inc.	48,905	21,013	64,000	680	6
98.	Copley Press Electronics Co.	48,700	54,200	105,500	650	N.A.
99.	Bent & Assoc.	45,987	28,817	94,691	N.A.	N.A.
100.	Cable America Corp.	44,442	31,510	104,739	1,963	250
Total—Second 50		4,494,887	3,064,031	7,426,933	112,824	6,500
GRAND TOTAL—Top 100		50,127,134 ⁱ	40,679,114 ⁱ	83,864,045 ^k	913,876	19,628

^a As of Oct. 15, 1989; numbers represent TCI & consolidated subsidiaries where ownership interest is greater than 50%. ^b Warren Publishing's estimate. ^c Does not include Paragon Communications figures. ^d Includes Comcast 4% of Storer Cable Communications figures. ^e As of March 15, 1989. ^f As of Oct. 15, 1988.

^g As of March 15, 1988 or earlier. ^h Includes Robert M. Bass Group figures. ⁱ Estimated duplication is 2.65 million. ^j Estimated duplication is 2.15 million. ^k Estimated duplication is 4.5 million.

SPECTRUM STUDY STARTED: NTIA released details last week of previously announced notice of inquiry (NoI) on spectrum allocation policy that Dir. Janice Obuchowski said will end up as first national study of spectrum since 1968. Proceeding, which evaluates many well-known alternative means of allocating spectrum, will be on fast track, with first round of comments due Feb. 23. Obuchowski said she hopes to have report and recommendations published next year.

Spectrum allocation study will be agency's "number one priority," she said, adding that she hoped resulting recommendations could be implemented during first term of Bush Administration. Emphasis, she said, will be on producing practical plan that can be implemented by NTIA working in cooperation with FCC and Congress. She said agency consulted with members of Congress in preparing NoI to make certain that their concerns were included. House Commerce Committee Chmn. Dingell (D-Mich.) has introduced legislation to transfer 200 MHz of spectrum from govt. to commercial use. Obuchowski indicated, as she has in past, that she opposes bill, but hasn't asked Congress to hold up action pending completion of NTIA study.

Obuchowski and other NTIA officials who will direct study said emphasis will be on process of how spectrum is allocated for federal and commercial users. NTIA allocates govt. spectrum in essentially closed proceeding through interagency organization, while commercial users, including broadcasters and common carriers, go through FCC.

Obuchowski conceded there are "strong incumbents," ranging from broadcasters to Defense Dept., that would object to being thrown off current spectrum positions. She said that with some "power of persuasion" and incentive mechanisms to make better use of spectrum, it would be possible to achieve more efficient use. No parts of spectrum will be considered "off-limits" for reevaluation, she said, although fact that some, such as broadcasting, have large equipment base, obviously will be taken into consideration.

There are no endorsements of any spectrum allocation mechanisms, including auction, spectrum fee or lottery, Obuchowski said, although she indicated that idea of "leasehold" spectrum fee "appeals to the populist in me." Among questions asked in NoI were what are strengths and weaknesses of existing domestic coordination processes, how current "block" allocation system affects new technologies, how allocation system could be changed for new and existing users. She noted that most alternatives have been discussed, but that synthesis of older work and newer material should produce better results.

Hearing is scheduled Dec. 19 in Del. Bankruptcy Court on petition filed by SCI TV creditors to force company into involuntary bankruptcy. SCI, which has asked court to dismiss petition, defaulted on \$100 million in debt payments due Nov. 15 and failed to make principal payment of \$153 million due Sept. 30 on \$625 million of bank debt. Meanwhile, SCI (headed by George Gillett) has unveiled plan to restructure its \$1.3 billion debt, appease creditors, avert involuntary bankruptcy. Under plan, leveraged buyout firm Kohlberg Kravis Roberts (KKR) would forgive \$160.1 million note, cancel SCI preferred stock it holds valued at \$80.4 million, reduce its interest in SCI to 15% from 45%. Gillett also proposed to cancel \$80.4 million he holds in preferred SCI stock and reduce his SCI equity to 41% from 55%. He would continue to be SCI CEO, but would give up right to elect 2 members of 7-member board. KKR and Gillett also plan to transfer \$42.2 million general partnership interest -- which owns and operates SCI's 6 TV stations -- to SCI. Gillett blamed increased competition for TV ad dollars for creating problems, said stations have shown big ratings improvement. He said refinancing plan is effort "to be as responsible as we could be" to creditors and "we need time to convert ratings into revenue enhancement." SCI stations formerly were owned by Storer Bstg.

INTV starts \$550,000 year-long campaign promoting independent TV stations with 32-page insert, costing \$200,000, in Jan. 8 issue of Ad Age magazine. Reprint of insert will be distributed at Jan. 3-6 INTV convention in L.A. "We are very aggressively taking on the big 3 networks and cable" for advertisers' dollars, new INTV Pres. James Hedlund told us.

Broadcasts on WLUP(AM) Chicago Aug. 19, 1987, and March 30, 1989, (during afternoon hours) "fit squarely with our definition of indecency," FCC wrote station in affirming \$6,000 fine. WLUP protested that Commission's indecency standards are inadequate, that any fine would have "chilling effect" and that topics of broadcast -- homosexual activity, child pornography and oral-genital contact -- aren't taboo subjects. In response, FCC said its definition of indecency was upheld by U.S. Supreme Court in 1978 and hasn't changed. Agency said: "It is well established that protecting children from exposure to indecent material is a compelling governmental interest and courts have not questioned or expected proof of harm." Meanwhile, NBC Radio News (owned by Westwood One) fired anchor Micah Johnson for using word "hell" during live broadcast from San Salvador after he lost audio contact with field reporter. Johnson said he thought he was off air. Show's producer, Lou Giserman, was suspended 4 weeks for using profanity in same incident, which was heard by affiliate stations but not aired to public.

Turner Bcstg.'s Ted Turner and TCI Pres. John Malone are among additional speakers at Western Cable Show this week in Anaheim, Cal. Organizers estimate 8,000-10,000 will attend. Other speakers announced since previous report: HBO Pres. Thayer Bigelow, Showtime Pres. Winston Cox, United Artists Cablesystems Pres. Marvin Jones, Cox Cable Senior Vp-Engineering Alex Best, Viacom Cable Pres. John Goddard, PBS Senior Vp-Best. Operations & Engineering Howard Miller, Rogers Cable Vp-Engineering Nick Hamilton-Piercy, Paramount Pictures Senior Vp Timothy Clott, MTV Chmn. Thomas Freston.

NAB MOVING ON CABLE, TELCO: Two NAB task forces are preparing proposals for TV board meeting Jan. 15 in Rancho Mirage, Cal., on highly controversial cable-telco and Modified Final Judgment (MFJ) issues. NAB Cable Relations Task Force "is going after payment for the [programming] subsidy that broadcasters provide to cable," while Telco Entry Task Force is seeking adequate safeguards before taking position on legislation that would shift oversight of telephone Regional Holding Cos. (RHCs) from U.S. Dist. Court, D.C., to FCC. Both groups met in Washington last week.

Cable Relations Task Force considered 3 options: (1) To require cable to pay retransmission fees. (2) To abolish cable compulsory licenses. (3) To require combination of both. Committee has decided to go retransmission route, which could require amendment to Sec. 325 of 1934 Communications Act that requires one station to get permission of another before retransmitting 2nd station's programming. Said participant in meeting: "Retransmission rights are obvious but that doesn't make you friends any place." To counter that, Task Force will include in proposal additional payments from cable revenues to program copyright owners.

Group steered away from seeking repeal of compulsory licenses because of belief that most of additional money would go to programmers and copyright owners, not broadcasters. Task Force expects to finalize proposal in next few days through conference call, will hold another meeting before Jan. board session, when action is expected. Attorney Lawrence Secret is serving as outside counsel to Task Force.

Telco group told NAB staff to strengthen language of cable-telco concepts adopted last spring (TVD June 26 p4) and to develop "adequate safeguards" controlling telco ownership of cable. Task Force wants clearer definition of "telco service and content" control of programming. It expressed "grave concern" that FCC lacks staff -- despite protestations otherwise by Chmn. Sikes -- to cope with cross-subsidy issue on expenses and rates if regulation of RHCs is shifted from court to Commission. Said NAB official: "The Commission would have to add literally hundreds of people."

NAB staff has met with all 7 RHCs, found 2 (unidentified) aren't interested in programming cable systems, other 5 want to keep that option open. Telco Task Force also will make recommendations at Jan. 15 board meeting.

Meanwhile, NAB Exec. Committee meets Dec. 11-12 for annual review of staff-proposed budget for fiscal year starting April 1. NAB netted \$450,000 on New Orleans radio convention in Sept., had projected profit of \$400,000. However, that projection was reduced considerably shortly before convention because of added expense of awards ceremony. New budget also faces board approval in Jan.

Gannett and Grant Tinker agreed to "amicable" parting in wake of decision to cancel USA Today on TV, effective Jan. 5, companies said. Parting actually won't take effect until Tinker finds new partner for GTG Entertainment, Gannett spokesman said, and Gannett is helping in search. Partnership was formed with much fanfare nearly 2 years ago to produce USA Today on TV and network entertainment programming. All 3 entertainment shows GTG produced for CBS have been canceled and only Baywatch on NBC is considered modest success.

FINSYN TALKS GET SERIOUS: Following renewed talks last week in Hollywood between networks and program producers on financial syndication (finsyn) (TVD Dec 4 p4), both sides said there now is major effort to reach agreement -- incorporating new mood into 5-year negotiations that wasn't present as recently as 8 months ago, according to source. In related development, Fox TV is said to be reevaluating its support of studios in fight against networks' involvement in finsyn. We're told, regarding Fox Pres. Barry Diller: "He's been to the FCC, he's been to the Hill, and he's talked to at least one network."

Both sides have proposals on table -- neither of which is likely to be adopted: (1) Networks are seeking finsyn interests in 11 of 22 hours of weekly prime-time programming aired by each network. While NBC Pres. Robert Wright said proposal hasn't been "formally rejected," MPAA Pres. Jack Valenti did just that in Nov. 13 speech to ATAS (TVD Nov 20 p7). (2) Programmers have proposed permitting TV networks to own up to 25% of syndicated program -- once program has recouped its original costs, in most cases with money provided by network. Even studios don't expect networks to look favorably on that plan. Both sides now are said to be seeking middle ground.

Meanwhile, Fox TV is rapidly approaching point where it will fall under FCC's definition of a network -- provision of minimum of 15 hours of programming weekly to affiliates -- and under its announced plans will reach that point in 1991. Several months ago, Fox asked FCC for waiver of network program rules but since has put request on hold. However, sources say, by late 1990 Fox will need either waiver or change in rules that would apply to ABC, CBS and NBC as well. In addition, Fox has started children's program cooperative with its affiliates that skeptics say is way for Fox to get around network rules. Fox officials didn't return our phone calls.

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Cable issues will be among 3 highest priorities for House Telecom Subcommittee next year, Chmn. Markey (D-Mass.) said last week in speech at Temple U. Subcommittee will continue examination of policy issues begun this year, reviewing all of 14 bills offered so far with eye on possibility of advancing legislation in 101st Congress. "I expect that both short-term and long-term solutions to the existing cable woes will be considered," he said, noting "legitimate" concerns raised on cable rates, vertical and horizontal integration, customer service, sports program migration. Subcommittee also will move early in year on measure Markey plans for integrated policy on emerging technologies, principally HDTV, that coordinates tax, regulatory and antitrust elements. Bill would "direct federal action designed to help leverage private sector investments in emerging telecommunications technologies and infrastructure," he said. Markey gave more details on bill than in past, saying it would include funding for research, design and demonstration projects in video, voice and data service arenas. Measure to ease business constraints on telephone Regional Holding Cos. will be first priority.

WSVN Miami has dropped suit against NBC over network's purchase of CBS-affiliate WTVJ there and shift of NBC affiliation to WTVJ from WSVN, which now operates as independent. Also dropped was suit against Paramount TV for shifting Entertainment Tonight from WSVN to WTVJ. "In a damage lawsuit, you can't claim damages if you're doing better than the person you're suing," WSVN Vp-Gen. Mgr. Robert Leider said. He told us WSVN expects greater revenues as independent in 1990 than WTVJ as NBC affiliate.

CHASE TO OFFER POLISH CABLE: Joint venture that expects to invest more than \$900 million to provide cable to Poland was announced Dec. 7 by Polish govt. and partner Chase Enterprises. Chase will own 70% of Polska Telewizja Kablowa (PTK), Polish govt. 30%.

PTK plans to begin wiring Warsaw and Krakow in June with 18-channel, 450-MHz system, Chase CEO Roger Freedman said. First stage of development, including 1.8 million homes in Warsaw, Krakow, Gdansk, Katowice and Poznan, is expected to take 5 years and cost about \$270 million, officials said. Funding for project isn't final, but Chase Chmn. David Chase said there's no doubt it will go forward. Privately held Chase Communications, which isn't related to Chase Manhattan Bank, says it has assets of nearly \$2 billion, including Fox TV affiliates in Hartford and Memphis, 7 radio stations, cellular, cable joint ventures in St. Louis and Hillsboro, Fla., TV rep Seltel, construction, insurance, banking, other ventures. It's also buying Fox affiliates in Atlanta, Denver and Indianapolis and WTOP(AM) and WASH(FM) Washington.

PTK plans to offer 3 tiers of programming. Basic will cost equivalent of \$8.50 monthly, plus about \$20 hookup charge. It will include 2 Polish broadcast channels, Italian RAI Uno and French TV5 (both uncut and in original language), 2 original program services. Other programs could be added later.

Second tier will include movie channel subtitled into Polish, Disney (either subtitled or dubbed), MTV, arts and entertainment service, classical music channel, European Eureka scientific channel. Tier will cost \$8 per month. Third tier will cost \$6, with programming to be determined by annual poll of viewers. It probably will open with ESPN or Eurosport, Sky Channel, Superchannel, Luxembourg's RTL Plus, German-language channel. System also is expected to carry Russian-language channel.

Ferment in Europe is result of power of communications, as much as of impact of Gorbachev, FCC Chmn. Sikes told FCBA dinner Dec. 6 in Washington. He said pressures leading to reform were caused largely by "unyielding power of communications," including home-made satellite receivers and smuggled videocassettes. "In the final analysis, repression and failure can't hide from electronic communications," Sikes said, adding that Warsaw Pact govts. had controlled content of local programs but never fully understood ability of new technologies to bring in outside influences. FCC should focus attention on technology, Sikes said, and make decisions to deny or slow new technologies only after careful thought about overall implications. Among long list of Sikes one-liners: There now are more FCBA members than FCC employes, causing switch "from zone defense to man-to-man."

LIN Bctg. has accepted McCaw Cellular Communications' \$154.11-per-share cash tender offer for majority control of LIN, including latter's 7 TV stations. LIN's Dec. 4 decision stunned Wall St. and BellSouth, which was planning to merge cellular operations with LIN and let it spin off 7 stations into separate subsidiary. LIN accepted McCaw's \$3.37 billion offer after McCaw agreed to give LIN its 5% share of L.A. cellular telephone franchise, which has 660,000 potential subscribers. LIN also will buy \$425 million in McCaw stock, distribute it to shareholders. McCaw agreed not to buy more than 75% of LIN stock, minority of which will remain in hands of current shareholders. BellSouth hadn't responded with counter offer before our deadline.

NCTA CLAIMS FEE INFLATION: Cable systems should have to pay copyright fees only for programs they actually carry, NCTA said in filing at Copyright Office. Assn. also repeated claims that contiguous cable systems should be considered merged for copyright purposes only if they share headend. Program suppliers and sports leagues, meanwhile, said there should be no change in copyright fees for compulsory license.

Current system is artificially inflating copyright fees cable operators pay, NCTA said in response to Copyright Office inquiry. Office interprets 1976 Copyright Act as requiring contiguous, commonly owned cable systems to be considered one system. Since payments are graduated based on size of system, and programs are considered carried throughout system even if they're on only part, NCTA said payments are inflated.

Act doesn't give Copyright Office option to reduce royalty payments, all members of MPAA and more than 90 other program producers said in joint filing. Producers said legislative history is clear -- Congress wanted to assist "mom-and-pop" cable operators by allowing lower fees for small systems but "it did not want this exemption to be manipulated by large system operators." In joint filing, Major League Baseball, NBA, NHL and NCAA said "economic benefits of consolidating smaller systems should be shared in part with copyright owners." They acknowledged that higher royalty payments may be "necessary result" of merger, but said law provides no alternatives and shouldn't be changed.

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KFI(AM) L.A. has paid \$6,000 fine levied by FCC for broadcasting alleged indecent programming in order to avoid protracted legal battle, along with subsequent fees from lawyers, Station Mgr. Howard Neal said. At same time, KFI complained to FCC on agency's "vague and overbroad" standard on what constitutes indecent material. Station was fined for afternoon talk show, hosted by Tom Leykis, that featured topics such as "grossest thing you ever put in your mouth," penis size, "sexual secrets." KFI complained that Commission should judge radio programming according to local, not national, standards of decency, noting that Leykis's program is top-rated in its time slot -- evidence that majority of community doesn't find it offensive. Another station facing fine, Nationwide Communications' KLUC(FM) Las Vegas, for allegedly airing word "fuck" several times in song by Prince, has challenged FCC. Station contended that agency misunderstood words actually used in song "Erotic City," saying that it had been aired on more than 100 radio stations.

Cap/ABC has sued U.S. Treasury Dept. for permission to air Aug. 1991 Pan American Games from Cuba. ABC-TV is paying \$8.7 million for U.S. TV rights, \$6.5 million of which would go to Cuban govt. Treasury has refused to permit airing of Games in U.S., claiming payment to Cuba would violate Trading with the Enemy Act. In Dec. 1 letter to ABC, Treasury said: "Our sole concern is that ABC's proposal would transfer very substantial sums [of money] to Cuba. This is contrary to the foreign policy purposes of the Cuba sanctions we administer." Suit was filed in U.S. Dist. Court, N.Y. ABC claims Treasury position is violation of network's freedom of speech and illegal attempt to restrict news coverage. ABC also pointed out that Congress has authorized spending of up to \$16 million to send U.S. team to Games. Treasury said it considered coverage entertainment, rather than news. Meanwhile, CTV Network won Canadian rights to Pan American Games, cost not disclosed.

Personals

James Yeager, exec. vp-Benedek Bestg., elected chmn. of BMI, effective Jan. 1, succeeding **Joseph Carriere**, KELO-TV Sioux Falls, S.D., who is slated to become exec. vp-gen. mgr., KWTV Oklahoma City, succeeding **Duane Harms**, resigned... Newly elected to TvB board: **Cliff Brown**, WDAM-TV Laurel-Hattiesburg, Miss.; **Donald (Bud) Carey**, Times Mirror Bestg.; **Phil Jones**, Meredith Bestg.; **Jack Oken**, MMT Sales; **Shelly Schwab**, MCA TV.

Jeff Rosser, vp-gen. mgr., WVTM-TV Birmingham, Ala., joins KDFW-TV Dallas-Ft. Worth Jan. 29 in same capacity, succeeding **I.W. (Bill) Baker**, who becomes vp, parent Times Mirror Bestg... Elected IEEE officers: Pres.-elect **Eric Sumner**, vp-operations and planning, AT&T-Bell Labs; Exec. Vp **Martha Sloan**, Mich. Technological U. prof... **Monica Shaffer**, exec. vp and partner in Biederman, Kelly & Shaffer, N.Y. ad agency, nominated as pres. of International Radio & TV Foundation, to succeed **Ralph Baruch**... **Thomas Spavins** advanced to asst. chief-economics, FCC Common Carrier Bureau.

Promotions at Daniels & Assoc.: **Phillip Hogue** to chmn., succeeding **Bill Daniels**, who remains chmn. of parent Daniels Communications; **Brian Deevy** to pres., succeeding Hogue; **Timothy David** to exec. vp... **Lawrence Perlman** moves from pres., Control Data (parent of Arbitron), to CEO, succeeding **Robert Price**, who remains chmn... **Peter Stamelman**, ex-Major Clients Agency, named vp-comedy series, Showtime Networks... **James McGurdy**, ex-WJLA-TV Washington, joins Advanced TV Test Center as mgr.-equipment and facilities; **Joseph Widoff**, ex-CPB, appointed deputy exec. dir.-finance and administration.

Jerome Gold named national dir., new **Arthur Young/Ernst & Whinney** media and entertainment practice... Telecommunications consultancy **Rutter-Dunn Communications** has been formed by **Ed Rutter**, ex-pres.-owner, Cooper-Rutter Assoc., and **Greg Dunn**, ex-vp-legal affairs, Warner Cable. Contact: Rutter, pres., 609-354-6065; Dunn, vp, 624-793-3041... **Neil Strow**, ex-Major League Baseball Productions, joins Cable Ad Bureau as mgr.-local research... New officers, Southern Cal. Cable Assn.: Pres. **David Keefe**, Continental; Vp **Janice Aull**, HBO; Secy. **Neal Flyer**, Movietime; Treas. **Steve Rosenthal**, Century Cable... **Rick Anderson** joins WDBJ Roanoke as chief engineer.

Char Beales named vp-program development, Comsat Video Enterprises (CVE), new post, from **NCTA** vp-programming and mktg. and exec. dir.-National Academy of Cable Programming... **Larry Foley**, dir.-programming and production, Ark. ETV, resigns next month to become senior producer/director, Kan. State U. new Educational Communications Center, Manhattan, Kan... **Gene Millard**, WFEQ(AM) St. Joseph, Mo., gen. mgr., appointed Dist. 12 dir. on NAB radio board, succeeding **Robert Templeton**, resigned... **Henry James** joins Continental Cablevision as dir.-corporate communications.

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Cable penetration has grown 8.1% in last year, reaching 57.1% of U.S. TV households in Nov., according to Cable TV Ad Bureau (CAB). Annual rate of growth hasn't dipped below 8% in any quarter since May 1988, CAB said. Cable is in 3.9 million more homes than in Nov. 1988, for total of 52.6 million of total TV universe of 92.1 million. Figures, based on Nielsen Station Index, show cable penetration is growing average of 327,250 homes per month.



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New executive search firm for cable industry has been formed in San Diego, will work nationally with program services, cable operators, suppliers. Principals are **Mike Welch**, formerly of Disney Channel, and **Marcia Larson**, ex-CableVision Magazine. Contact: 619-695-8202.

OBITUARIES

Connie B. Gay, 75, who popularized western music in East in late 1940s, died Dec. 3 of cancer in Fairfax, Va., Hospital. He managed such stars as Jimmy Dean, Roy Clark and Patsy Cline, entered broadcasting in 1946 with country music (then called "hillbilly") show on WARL(AM) Arlington, Va. -- later to become one of first all-country stations in East. He started selling his stations in 1960, was active in Alcoholics Anonymous. Gay was co-founder of Country Music Assn. and its first pres., as well as of Country Music Foundation and was member of Country Music Hall of Fame. Survivors include 2nd wife, daughter, son Jan who is attorney in FCC Audio Services Div.

Norman A. Adler, 80, retired CBS executive, died of emphysema complications Dec. 2 in La Jolla, Cal. Graduate of Yale Law School in 1938, he was with CBS 23 years, mostly with Records Div., after service with Justice Dept. Antitrust Div. He joined corp. staff in 1967 as vp-gen. exec., retiring in 1974. Survivors include wife, son, daughter.

WRH

Consumer Electronics

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STATE OF THE INDUSTRY

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

	NOV. 18-24	1988 WEEK	% CHANGE	NOV. 11-17	11 MONTHS 1989	11 MONTHS 1988	% CHANGE
TOTAL COLOR.....	431,196	550,846	-21.7	456,939	19,714,530*	18,292,226	+ 7.8
DIRECT-VIEW...	422,398	543,281	-22.3	450,116	19,487,290*	18,031,679	+ 8.1
PROJECTION....	8,798	7,565	+16.3	6,123	227,240	260,547	-13.1
TOTAL VCR.....	296,121	456,989	-35.2	342,386	10,356,142	11,087,074	- 6.6
DECKS.....	231,923	382,024	-39.3	267,978	8,421,890	9,336,365	- 9.8
CAMCORDERS....	64,198	74,965	-14.4	74,408*	1,934,252*	1,750,709	+10.5

Color TV 5-week moving average: 1989--508,674*; 1988--498,989 (up 1.9%).

VCR deck 5-week moving average: 1989--276,690; 1988--312,443 (down 11.4%).

Camcorder 5-week moving average: 1989--71,507*; 1988--63,639 (up 12.4%).

* Record for period.

INDUSTRY RACES TO AVOID EXCISE TAX: "Sleeper" law that could result in excise taxes up to 5% on all imported electronic products had EIA govt. affairs personnel working late Dec. 8 through snowstorm that shut down much of Washington.

Law is environmentally motivated budget measure, passed during waning hours of Congress, empowering IRS to levy tax on all chlorofluorocarbons (CFCs) Jan. 1. EIA Vp-Gen. Counsel-Secy. Gary Shapiro said many electronic products use CFCs as cleansing agent during manufacture. It's relatively easy for domestic manufacturers merely to pay taxes on CFC they use; however, where amount of CFC used isn't known, as in imports, IRS is empowered to impose tax of up to 5% on end products made using them.

IRS has proposed 1% excise tax on imported electronic products where CFCs aren't taxed and where it can't get estimate of average use of CFCs in industry's products. It has given industry until Dec. 21 to come up with information on use of CFCs by product. Where it can get data on average use of CFCs by product category, it will publish import fees for each category on industrywide basis, expected to be much lower than 1% proposed for tax on end products -- or 5% maximum permitted tax.

After meeting with 50 industry representatives, EIA at week's end was contacting its 1,000 members in consumer electronics, telecommunications and components industries, giving them deadline of Dec. 20 -- one day before IRS needs data -- to come up with estimates of amounts of CFCs used in manufacture of various products. Other industry associations, also suddenly alerted, were making similar efforts.

NEW NAP TUBE PLANT--27" FIRST, HDTV LATER: In long-anticipated announcement, North American Philips (NAP) said last week it has earmarked \$100 million for new picture tube plant to produce conventional tubes first, HDTV later. Unlike announcements of 4 other tube industry expansions so far, which will emphasize sizes 30" and over, Philips plant at outset will be designed to overcome current severe shortage of 27".

No location or timetable was given, but Philips said it was considering "several sites" in Ky., Mich., Ohio, Tenn. Because Philips Display Components (PDC) hq is in Ann Arbor, Mich., it's believed site in that state has inside track. Philips' existing tube plant in Ottawa, O., ships 65% of its production to Philips' own TV brands, sells rest to other manufacturers. Philips also owns 35% of Matsushita Electronics (rest by Matsushita Electric), which recently began producing tubes at new Troy, O., plant, designed for 27" and 31".

New Philips plant will be built in 2 phases. First, to produce 27", is scheduled to be complete 18 months after ground-breaking. Second phase currently has no timetable but will be designed for tubes for advanced TV (ATV). Plant will employ 300 in first phase, will have 300,000 sq. ft. of manufacturing space when both phases have been completed.

Why is Philips concentrating on existing 27" when others are going for 30" and up in new plants? "There will be enough 31-inch tubes around to last a while," PDC Pres. Iva Wilson told us, but "there is enormous demand for the 27. That demand has to be filled. There is also a large demand for 19- and 20-inch tubes, but [tube manufacturers] are reluctant to make 19s and 20s so long as there's a shortage of 27s. Our new plant will free capacity to make 19 and 20 and help alleviate the total shortage."

Philips will produce 31" tubes in plant in Aachen, W. Germany (TVD Sept 25 p10), facility that also could produce 35" or 37" conventional 4:3 ratio tubes, but has no plans for any 4:3 tubes larger than 31". First phase of new U.S. plant won't be able to make tubes larger than 27", Wilson said, but will have capability to make 16:9 widescreen tubes in relatively small sizes. Second-phase plant will be able to make 31" conventional tubes and larger 16:9. As to 2nd phase, "plants will be separated by at least a year, but no decision will be made for quite a while," Wilson told us.

New tube facility is "important to our growth and to the U.S. market," said North American Philips (NAP) Pres. Einar Kloster, who told us "we need a state-of-the-art facility for more sophisticated products." Two-phase approach, he said, "will let us do it one bite at a time." Asked what will be produced in 2nd phase, he indicated Philips is keeping options open. "We have been working on 16:9 [widescreen tubes] for some time. The whole situation is still unclear, but we must be prepared to go into improved definition and then [eventually] go whole hog into the HDTV age. We know it [HDTV] is not going to come all at once in a big leap but will be gradual. We are looking closely at our options."

Only other U.S. tube maker to announce plans for widescreen tubes is Thomson Consumer Electronics, which said it would be able to make 16:9 tubes in expanded Marion, Ind., plant when demand warrants. It's known that Sony is considering building 16:9 tubes in U.S., has been looking at sites in East even as it has expanded San Diego plant to make 32" tubes (TVD Dec 4 p9, Nov 13 p8). Most tube industry sources last week doubted authenticity of our report that Sony is planning new tube facility in East.

Also considering building picture tube factory in U.S. is Hitachi. For efficient and profitable operation, it's necessary to produce 500,000-1 million tubes annually -- more than Hitachi's U.S. TV set operation can consume -- so company must find OEM customers for remaining output if it builds here, and it's believed to be in process of surveying situation.

Expansions already announced or in place -- Thomson, Toshiba, Matsushita Electronics, Sony -- will add capacity for about 1.3 million tubes to U.S. production, mostly 30" and above, sizes that weren't made in U.S. at all before this wave of expansions. Philips' Phase I will add another million in 27".

Note: Philips took over former joint venture with Matsushita when it bought Japanese company's 25% of Philips KK, distributor of Philips products in Japan. Matsushita, which sold its interest for estimated \$700,000 at request of Philips, said there would be no change in other cooperative relationships between companies, according to Japanese press.

CONGRESSMAN ASKS NINTENDO ANTITRUST PROBE: Nintendo's legal battles reached federal govt. level last week, chmn. of House Small Business Antitrust Subcommittee accusing it of federal antitrust violations and asking Justice Dept. to investigate videogame maker. Latest developments come year after videogame software developer Atari Games filed antitrust suit in U.S. Dist. Court, San Francisco, charging Nintendo had monopolized U.S. videogame business by using "lockout system" in hardware that makes it impossible to play games not manufactured by Nintendo (TVD Dec 19 p15).

Subcommittee Chmn. Eckart (D-O.) charged Nintendo with unfair domination of home videogame market and submitted findings of panel investigation to Justice Dept. Antitrust Div. He said at news briefing that Nintendo had committed "significant abuses of justice," resulting in 20-30% inflation in cost to consumer and unlawful control of 80% of U.S. videogame market. Eckart also cited "exclusive and restrictive" licensing practices, "potential problems" in videogame retail market, "bundling" software purchases with hardware sales.

In letter to Asst. Attorney Gen. James Rill, Eckart said Nintendo, to be successful in U.S. videogame market, "had to maintain a highly unusual level of control over the software industry by implementing a

series of measures both technological and legal in nature." These include "lockout" chip to control independent software developers' access to Nintendo hardware, "restrictive licensing arrangement to control important aspects of its software licensees' operations," requirement that all Nintendo Entertainment Systems-compatible cartridges be manufactured by Nintendo parent in Japan and "bundling" of videogame hardware and software, which hindered competition in software market. Computer chip shortage also led to "substantially higher" prices for most titles, with hard-to-find games such as Super Mario Brothers II becoming "Cabbage Patch dolls of the 1988 Christmas season," Eckart charged. Justice Dept. spokesman said allegations by chmn. will be reviewed.

Nintendo Senior Vp Howard Lincoln replied that Eckart based action on incomplete and misleading information provided to Subcommittee by Atari Games subsidiary and former Nintendo licensee Tengen, and asked Eckhart to cancel news briefing day before it was scheduled to be held. In separate statement, Lincoln said Atari/Tengen hasn't been able to compete successfully in marketplace or courts in its attempt to challenge "Nintendo's leadership in the videogame market." Tengen denied it instigated Subcommittee investigation and Eckart said action was prompted by complaints from consumers about high prices and short supply of Nintendo products, not by Tengen complaint.

Nintendo has promoted "myth that it, and it alone, is the champion of the home videogame industry," said Atari Games Vp Dennis Wood. "The reality is that Nintendo's behavior... is so atrocious that it requires the action of the Department of Justice to restore free competition to the market." Wood accused Nintendo of attempting to force Tengen subsidiary out of videogame market "through a deliberate campaign of distortion, intimidation and coercion," which included "barrage of intimidating letters" from Nintendo attorneys and officials.

This is latest round in what has become dispute between companies. Nintendo earlier this month filed expanded version of earlier copyright and patent infringement suit against Atari Games and Tengen in U.S. Dist. Court, San Francisco, charging them with unlawfully obtaining copyrighted Nintendo "computer security program" from Copyright Office and using it to make game cartridges for NES (TVD Dec 4 p13).

Eckart said fact that issues were in private litigation doesn't absolve federal govt. of responsibility to enforce antitrust laws. He said subcommittee investigation, which included 50-60 interviews, revealed Nintendo to be "an 800-pound gorilla." Eckart said he had heard "too many cases of retailers and wholesalers who couldn't get 3 feet of shelf space in toy stores because [Nintendo] said... 'You sell someone else's product and we're going to cut off your allotment' of Nintendo games. Subcommittee staff encountered "pervasive atmosphere of fear and intimidation among retailers and wholesalers of Nintendo products," Eckart said.

Lincoln said in letter to Eckart that Nintendo wasn't given opportunity to be heard before information was sent to Justice, and "fundamental fairness" requires that Nintendo be permitted to present its position to panel. He said Nintendo's business practices were "designed to, and have succeeded in, resurrecting a dead industry in the U.S. to the benefit of numerous small and large businesses from coast to coast, as well as retailers around the nation." Lincoln said Nintendo complied with Subcommittee requests for information, expressed concern that panel hadn't heard from "some of the nation's largest software developers and retailers who are prepared to speak on Nintendo's behalf." But Eckart said Nintendo was "disingenuous" in claiming that it hadn't had opportunity to state its case because on Oct. 18 and Nov. 6 Subcommittee discussed antitrust issues with company for "several hours."

SEASON'S SALES TRAIL LAST YEAR: Final quarter of 1989 is shaping up as big disappointment for industry so far, with Nov. sales to dealers down in every major video equipment category except camcorders, following sluggish Oct. (TVD Nov 13 p9). Color TV and camcorders are certain to surpass 1988 sales records, even with weak Dec., but projection TV and VCR decks are just as certain to post declines for year.

Nov. sales of direct-view color TVs dropped 1.4% to 1,862,601, following 2.2% decrease in Oct., EIA figures showed. Sales got off to strong start with 55.3% increase to record in first week of month, then fell sharply in 3 subsequent weeks. Despite decreases, color TV sales were running 8.1% ahead of 1988 sales through first 11 months. Seasonally adjusted annual sales rate for Nov. was 19.6 million, lowest of any month this year. For 11 months, rate was 21.8 million, lowest cumulative figure since 21.4 million after 2 months, but still up 7.9% from actual 1988 sales of 20.2 million.

Projection TV sales declined for 9th time in 11 months, off 6.4% to 30,057 despite strong finish in final week of Nov. First and last weeks of month had increases, but middle 2 weeks showed significant sags.

Projection TV actually improved in terms of annual sales rate -- for Nov. rate was 277,791, up from 273,476 in Oct., and for 11 months was 258,110, up from 255,352 through 10 months. Even if sales break record in Dec., projection TV sales in 1989 will fall well short of 301,784 in 1988.

VCR deck sales dipped 8.1% to 1,004,431 in Nov. and were down 9.8% through first 11 months of 1989. Decks showed same pattern as color TV in month, with strong first week followed by 3 straight down weeks. Annual sales rate in Nov. was 10.1 million, up one million from Oct. Through 11 months sales rate was 9.8 million, equal to 10-month rate but down nearly one million from 1988 full-year sales of 10.7 million.

Camcorders supplied only bright spot, as in many months of last 2 years. Sales rose 16% to 250,576, record for any Nov., despite dropoff in final week, and resulted mainly from 90.8% rise in first week of month. Even with increase, however, seasonally adjusted rates were down. Rate for Nov. was 2 million, down from 2.1 million in Oct., and for 11 months was 2.3 million, off from 2.4 million for 10 months. Camcorder sales need total only 109,793 in Dec. to equal 1988's full-year record of 2,044,045.

Final week of Nov. was sluggish for all products except projection TV (see State of the Industry). Direct-view color TV and VCR deck sales fell for 3rd straight week. In first 2 months of crucial 4th quarter, direct-view color sales were down 1.8% from last year, VCR decks were down 13.6%, projection TV down 3%, camcorders up 14.6%. Sales of all products except VCR decks topped 1987's same 2 months, however.

Slowdown in industry sales was evident at retail level in Nov. Sears reported 1.6% decline in Nov. sales and said it plans more aggressive advertising for its Brand Central consumer electronics departments. Sears TV ads for Dec. will promote special prices on TVs and camcorders, although retailer denies it's dropping "everyday low prices" strategy. Here are EIA's figures for Nov.:

Product	Nov. 1989	Nov. 1988	% Change	Nov. 1987
Total color.....	1,892,658	1,921,598*	- 1.5	1,761,490
Direct-view...	1,862,601	1,889,493*	- 1.4	1,734,711
Projection....	30,057	32,115	- 6.4	26,779
Total home VCR..	1,255,007	1,308,832	- 4.1	1,162,193
Decks.....	1,004,431	1,092,431	- 8.1	978,713
Camcorders....	250,576*	216,050	+16.0	183,489

* Record for any Nov.

* * * * *

With only one month to go, here's best guess as to how 1989 will shape up in consumer electronics:

Product	1989 (estimated)	1988	1989	1987	1988
			vs. 1988		vs. 1987
Total TV.....	23,619,000*	23,097,899**	+ 2.3%	23,193,932	- 0.4%
total color..	21,939,000*	20,518,139**	+ 6.9%	19,623,459	+ 4.6%
direct-view	21,672,000*	21,216,355**	+ 7.2%	19,330,375	+ 4.6%
projection.	267,500	301,784	-11.4%	293,084	+ 3.0%
monochrome...	1,680,000	2,579,760	-34.9%	3,570,473	-27.7%
Total VCR.....	11,680,000	12,792,255	- 8.7%	13,305,999**	- 3.9%
decks.....	9,410,000	10,748,210	-12.5%	11,701,846	- 8.1%
camcorders...	2,270,000*	2,044,045**	+11.0%	1,604,153	+27.4%

* Projected record. ** Record.

THOMSON SHOWS FIRST 'WORLDWIDE' TV SET: High-end 9" RCA ColorTrak remote control TV receiver with host of features, including on-screen displays, was previewed last week in N.Y. as first "worldwide" set by Thomson Consumer Electronics (TCE). Same chassis and cabinets will be used in sets manufactured in different TCE plants for American, European and Asian markets under various Thomson brand names. In fact, TCE said, first 2 versions of universal set will be "available in PAL and NTSC versions."

Same chassis, with circuit boards modified for different color systems, will be used for both 9" and 13" sets. TCE says parts count has been reduced by more than 150 pieces. Initial 9" U.S. offerings, in 2 models,

have unique rounded corner "European" design, although they were developed in Indianapolis. Following U.S. introduction, similar sets will make debut in Italy, one of most style-conscious markets.

The 9" sets, both AC-DC, will go on U.S. market in Feb. Model aimed at specialty uses such as recreational vehicles, camping, etc., lists at \$269, while white version with swivel bracket for under-cabinet kitchen use is \$289. Features, unusual for 9" set, include remote control, cable tuning and auto programming, along with normal sleep timer, clock, earphone, DC car cord.

TCE is close to unveiling new 3rd brand name (after RCA and GE), Consumer & Mktg. Services Vp Richard James indicated in answer to question at N.Y. news conference. He said company has been seeking consumer and dealer reaction in telephone surveys. TCE's 3rd brand, he said, "will not be completely independent, but will be associated with the RCA brand." He declined to give timetable. Asked about Hughes Aircraft's SRS sound system, now being offered on Sony TV sets, Product Management Mgr. James Gatman said TCE has option to use it. "You won't see it next year," he said, "but there's a likelihood you will see it in our product."

Company officials reiterated comments last month by James that 8mm is far ahead of VHS-C but, according to Video Market Planning Mgr. James Arnold, "new C products in 1990 should help [VHS-C] gain strength." He said RCA brand is committed to VHS and "most likely will have new C products in the future" as new approaches are introduced -- possibly referring to VHS decks that will play VHS-C cassettes without adaptor. RCA line currently has no VHS-C camcorders.

Other RCA introductions: Two compact VCRs; 4-head model at \$399 has "help" button on remote control for on-screen instructions and answers to problems, similar to "on-screen instruction book" featured on some Hitachi decks; 2-head version with on-screen programming is \$349. Brand's first 2 camcorders with color enhancement lights have 3-lux sensitivity, animation feature. Model with 6x zoom is \$1,099; stepup with flying erase, audio-video dubbing, edit search and synchro edit with 8x zoom is \$1,299.

NEW EMERSON SUIT: Second class-action suit has been filed against Emerson Radio, this one charging violation of Securities Act, alleging that proxy statement for 1989 annual meeting "omitted and/or misrepresented material facts about the existence of insider trading claims" charged in previous suit (TVD Nov 27 p12). New suit, brought by estate of single shareholder not involved in earlier action, in effect also charges Emerson's officers failed to report existence of suit.

Previous suit, brought by 4 other stockholders, charged that Emerson officials knew VCR sales were collapsing but misrepresented facts until they and other insiders, including relatives, could unload stock. Both suits were filed in U.S. Dist. Court for Eastern N.Y. through attorney Bruce Coleman. Emerson attorney Martin Stein denied all charges, noting that proxy statement mentioned in new suit specifically said company and its officers were subject of suit in federal court.

As for first suit, Stein said it in effect "accuses Emerson of not foreseeing the future." Far from knowing market was going to collapse, he said, both industry (through EIA consensus forecasts) and company internally projected record year for 1987, when officers were accused of knowing market was falling. He said complaint contained factual errors in charging that sales were decreasing. "Emerson sells direct from U.S. warehouses and also sells F.O.B. Hong Kong." He charged complaint counted only direct sales, not those from Hong Kong to U.S. customers -- if both were included, sales increased in most periods mentioned. Stein said company noted in its 10K statements that orders are continually subject to revision and cancellation and larger portion are made against short-term purchase orders. "It's incorrect to say that because of a drop in orders, Emerson should have issued some sort of pronouncement that the sky is falling," he said.

KLOSS'S PORTABLE HI-FI: Cambridge SoundWorks, direct-mail company that previously introduced 2 speaker systems designed by Henry Kloss, saved biggest fanfare for 3rd addition to its arsenal. New Kloss-designed product is transportable music system that fits in suitcase that doubles as subwoofer. System also includes miniature 3-channel integrated amplifier, pair of 2-way satellite speakers, all necessary cables. Customer adds own portable Compact Disc or tape player that can be accommodated in foam cutouts inside carrying case. Compartment can also hold several CDs or tapes.

As with company's other products, new system will be sold through Cambridge's direct-mail network and won't be offered to conventional retailers. It's priced at \$599 and comes with 30-day money-back guarantee and 5-year parts and labor warranty. Pres. Thomas DeVesto said last week at N.Y. news conference that company has applied for patent on concept of "BassCase" carrying case-subwoofer, which is produced at Cambridge's Newton, Mass., factory. It can operate on 120 or 240 volts AC or 12-volt car battery, has 9-volt DC output jack and cable for powering portable CD or tape player without battery.

Color TV buying plans plunged in Nov., following gain in Oct., Conference Board said. Nov. preliminary survey showed 5.8% of households planned to buy color TV set within 6 months, down from revised 7.5% in Oct., 6.5% in Nov. 1988. Board's Consumer Confidence Index was 114.3, down from 117 in Oct. but up from 112.9 in Nov. 1988.

THIS WEEK'S YEN RATE

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

CD RECORDER TALKS: First working group to discuss copyright problems involved in recordable Compact Discs (CD-R) could be convened as early as next month, most likely in Tokyo. Judging from reactions of insiders we polled last week, effort to sit down at bargaining table on CD-R is being conducted in same hush-hush air that characterized April meeting in Athens that sealed pact between hardware and software communities on Serial Copy Management System (SCMS). Participants then agreed to set up similar working group on CD-R (TVD July 31 p10).

Reaction to Jan. CD-R summit was mixed among potential participants. Some were noncommittal on their own plans for attending, and others wouldn't be pinned down when we tried to confirm whether meeting was definitely scheduled. Outsiders who wouldn't be privy to such discussions expressed feeling meeting on CD-R technology was premature, considering lack of compatibility among many systems under development throughout world.

"My understanding is that a meeting will be held some time in mid-January," said Edward Murphy, pres. of National Music Publishers Assn. Murphy, who has been among more outspoken critics of digital audio tape (DAT) agreement on SCMS because it had no provision on royalties, said he hasn't decided whether he and other members of his Copyright Coalition -- ASCAP and Songwriters Guild of America -- would participate in CD-R talks.

Murphy said he understood that if meeting is held, it will be for technical staffers, not for company principals. RIAA executives were vacationing at our deadline and couldn't be reached for comment. Spokesman for International Federation of the Phonographic Industry (IFPI), London-based trade group with which RIAA is affiliated, declined official comment, but acknowledged agency had been bombarded with press inquiries on subject.

Another nonparticipant, Tandy, also is reserving judgment on whether to participate in CD-R summit, Mktg. Mgr. Mike Grubbs said. He was evasive in discussing timing of Tokyo working group meeting and Tandy's stake in it. Firm recently served notice on press it no longer would make public comment on its THOR-CD system because recordable disc technology represents "work in progress."

First item on agenda of any CD-R session may be discussion of "debit card" as means of collecting royalties. System received front-page treatment last week in Billboard, which reported that European Community (EC) official had endorsed such a proposal for DAT recorders. Statement presumably was designed to heed growing EC resentment toward SCMS agreement among record companies and others upset that it didn't include royalty payments. Paper said implementation of debit card system scarcely is on drawing board.

Debit card system was mentioned in Office of Technology Assessment (OTA) report on home taping (TVD Oct 30 p10) in footnote to discussion of royalty proposals, noting that "one proposed approach would be to sell 'debit cards,' carrying a preset value, which could be used to override copy-protect codes. This card would be inserted into the recorder, which would use a microprocessor to debit the card for the fee and record the identity of the material copied on the card or in the recorder's memory. If the 'empty' cards were returned, the record of material copied could be used to distribute fees to the copyright owners." Joan Winston, project dir. of OTA home taping study, said RIAA engineers were source of information.

Sanyo announced last week it will make sample SCMS chip sets available in March. Sanyo says it has developed 5-chip kits with SCMS as well as other functions, to be produced in quantities of 50,000 a month in mid-1990 at starting at about \$100.

Nov. retail report: Circuit City posted record Nov. sales of \$211.1 million, up 23% from 172.3 million in Nov. 1988. Same-store sales rose 1%. Sales in 3rd quarter to Nov. 30 rose 22% to \$528.6 million from \$434.3 million in same 1988 period. Same-store sales in quarter increased 2%. Retailer opened 11 superstores in month, in Atlanta, Baltimore, Charlotte, Knoxville, Phoenix, San Francisco, Tampa... Highland Superstores said Nov. sales totaled \$101.4 million, up 11% from \$91.4 million year earlier. Same-store sales increased 2%. In first 10 months of fiscal year, sales rose 3% to \$706.1 million from \$686.2 million, but same-store sales dropped 8%... Best Buy reported Nov. sales rose 12% to \$54 million from \$48 million in Nov. 1988. Same-store sales were up 4%. Through first 8 months of fiscal year, sales increased 2% to \$320 million from \$314 million. Best Buy opened 6 new stores in Nov., in Bloomington and Springfield, Ill., Kansas City, Mo., Lincoln, Neb., Topeka and Wichita, Kan, and another one Dec. 3 in Champaign, Ill... Montgomery Ward, reporting 2.1% decline for Nov., said, "holiday sales are off to a slow start due to continued economic pressures affecting big-ticket purchases."

Carillon Technology's restructuring will be complete next month, eliminating bank debt and strengthening balance sheet, Pres. Jacques Robinson said. In latest moves, Carillon will use ADC brand for "competitively priced" audio products, including speakers, equalizers, etc., and reduce dbx brand's presence in high-end specialty products to focus on licensing and new technology applications in ADC products. Carillon has licensed DAK Industries, Cal. mail-order retailer, to use dbx brand name on consumer products. Meanwhile CTI Ltd. (Japan) is manufacturing and distributing Carillon-developed Laser Turntable in Southeast Asia, while Carillon subsidiary Finial Technology is distributing it in U.S. Priced at \$32,000, it will be exhibited at ADC booth at Consumer Electronics Show next month. While Carillon describes CTI (Japan) as its subsidiary, CTI principals say it's now independent (TVD Nov 13 p13).

Five Korean TV manufacturers were cited in latest preliminary antidumping review by Commerce Dept.'s International Trade Administration (ITA), but estimated dumping margins -- difference between U.S. prices and foreign market value -- were relatively low. Most significant reduction in margin from earlier dumping finding (TVD July 11/88 p11) was for Daewoo, which received 2.76% margin for year to March 31, 1987, period covered in review. That's down from 23.3% for year to March 31, 1986. Cosmos Electronics, not named in earlier finding, received 6.87% preliminary margin in latest finding. Margins for other firms: Goldstar 2.46%, Quantronics 0.04%, Samsung 0.25%. Written comments will be accepted by ITA until Jan. 5, and hearing, if requested, will be held within 2 months.

Thomson's VCR output in Singapore will total 500,000 this year, exported to non-EC countries including Australia, Thomson Consumer Electronics (TCE) said. With inauguration of joint venture with Toshiba (TVD Dec 4 p9), 1,600-employee operation will move to new plant with annual capacity of 1 million, which will be made from parts from variety of sources in Southeast Asia, not exclusively from Japan, spokesman said.

CD-ROM FOR CONSUMERS: Reviews are beginning to come in on first "consumer-priced" computer with CD-ROM, introduced at Comdex by Philips' Headstart Technologies (TVD Nov 13 p11). First Headstart computer to be built in Philips' Montreal plant, under-\$2,000 model can play audio CDs through headphones or jack for amplifier, comes with more than one gigabyte (1,000 Mbytes) of software on CD, including:

American Heritage Dictionary, Bartlett's Familiar Quotations, Business Information Sources, Chicago Manual of Style, Grolier Electronic Encyclopedia, Roget's Thesaurus, Spelling Corrector, World Almanac, Zip Code Directory, autodialer, electronic phonebook with 100,000 business addresses, phone and fax numbers, 30 games, computerized world atlas, CD Guide (listing all audio CDs released to date, including reviews, critiques and audio samples), CD Audio Music Disc Sampler from CBS Records. Computer has 5.25" and 3.5" floppy disc drives and 40 Mb hard disc.

Stepup model, at \$2,995, adds features, including modem and extra CD with Microsoft Small Business Consultant (with library of more than 220 publications), Stat Pack of statistics from govt. agencies, additional programs on hard disc. Both computers are being delivered to dealers nationwide this month.

Newest optical disc device is LD-ROM, developed in Japan by Pioneer, that combines 12" laserdisc analog video storage with 270-540 Mbytes of digital data. Compatible with standard laserdisc players, LD-ROM has computer interface. Pioneer suggests it can be used for such projects as multilingual training tool. It plans to offer LD-ROM products on Japanese and foreign markets next fall, starting with LD-ROM adaptor for industrial LD player. No prices have been mentioned.

Highest capacity disc yet, 14" optical disc, was introduced by Eastman Kodak's Verbatim Corp. last week. It can store 8.2 Gbps of information (8,200 Mbytes).

U.S. semiconductor producers haven't participated in growth of dynamic random access memory (DRAM) market in Japan, EIAJ said in status report on U.S.-Japan semiconductor trade agreement signed in 1986. "U.S. companies have been slow to increase sales, design, testing and failure analysis facilities in Japan," trade group said: "These factors may have reduced U.S. industry's ability to achieve its aspirations in the Japanese market." EIAJ repeated its offer to assist foreign suppliers in gaining greater access to Japanese market.

Philippine govt. last week denied Japanese news reports that Sony is withdrawing plans for plant as result of insurrection there. Sony had announced plans to build \$35 million CD and boombox plant there. Philippine official said Japanese ambassador told him Sony had made no decision, but was "watching developments."

Ads & Promotions: Samsung America appoints Bozell, N.Y., as ad agency... RCA promotion awards consumers with cash refund on purchase of RCA products, with enrollment in "RCA Owner's Club." Drawings for cash awards will be held quarterly.

Zenith's sale of computer operations to Groupe Bull of France has been cleared by Committee on Foreign Investment in the U.S. (CFIUS), which notified both parties that no investigation is necessary under foreign ownership provisions of 1984 trade law.

CES CONGRESSIONAL PANELS: Congressional panels scheduled for Winter Consumer Electronics Show in Las Vegas next month will cover HDTV, digital audio tape (DAT), other topics. Program features 9 members of Congress.

HDTV panel Jan. 7 will include Reps. Mineta (D-Cal.), Ritter (R-Pa.), Walker (R-Pa.). Another panel same day has representatives of Advanced TV Test Center, consumer electronics industry, NAB, National Advisory Committee on Semiconductors.

Roundtable discussion Jan. 8 will give industry executives chance to discuss concerns with members of Congress, including Reps. Kastenmeier (D-Wis.), Lent (R-N.Y.), McGrath (R-N.Y.), Richardson (D-N.M.), Smith (D-Fla.) and Sen. Bryan (D-Nev.). Among topics are DAT, gray market imports, resale price maintenance, competitiveness, product liability, human resources.

First HDTV opera recordings were made by Japan's NHK of Bavarian State Opera performing Wagner's 4-opera Ring series in Munich at cost of more than \$3 million. Each opera was recorded twice in 1,125-line, 60-frame Hi-Vision system by 6 HDTV cameras and 4 digital VTRs with 1.2-GHz bandwidth, all supplied by Sony. Recordings were financed by NHK, NHK Enterprises, Toshiba EMI, Marubeni Corp. Recordings will be used for: (1) Broadcast in 16:9 ratio on NHK's Hi-Vision DBS system. (2) Taped versions in 4:3 ratio NTSC, PAL and SECAM versions for TV broadcast. (3) Videocassettes and possibly laserdiscs. (4) Audio CD release.

Sweepstakes promotion is planned May 31-June 10 by National Assn. of Retail Dealers of America (NARDA). Nationwide promotion, in which TVs, VCR decks, camcorders, stereo equipment and other products will be awarded, is designed to "help all dealers stimulate consumer purchases." Consumers may choose from prizes valued up to \$10,000, must register through retailer. NARDA said 30 appliance and consumer electronics brands, including Canon, Hitachi, JVC, Magnavox, Panasonic, RCA, Sanyo-Fisher, Toshiba and Zenith, have signed up as sponsors. Details: NARDA, 10 E. 22nd St., Lombard, Ill. 60148.

ITA seminar March 12-18 in Palm Springs, Cal., will have as theme "The Impact of Technology and Marketing on the Global Market of the '90s," keynoted by economist Murray Weidenbaum speaking on European Community '92. Other presentations and discussion topics: EP videos, blank tape sales in flat market, Nielsen Home Video Index, laserdisc revival, floppy disc distribution, limited play videocassettes as premiums, defective and field-damaged cassettes. Information: ITA, 505 8th Ave., N.Y. 10018.

Sony has shipped more than 300,000 of its tiniest camcorder, domestic shipments exceeding 200,000 since introduction in June, and exports totaling 100,000. Exports to U.S. began in Sept., to Europe in Oct. Next summer, Sony will buy 20,000 VHS head drum assemblies monthly from Grundig for use in VCRs produced in its Alsace plant. Grundig obtained permission from Matsushita, which supplied it with drum knowhow. Grundig, in turn, buys 8mm camcorders from Sony (TVD July 17 p15).

Monochrome TV sales to dealers totaled 176,982 in Oct., down 30.3% from 254,038 in Oct. 1988, EIA said last week. Total b&w sales for year's first 10 months were 1,355,421, down 34.7% from 2,075,116 one year earlier. They brought total TV sales (direct view and projection color plus monochrome) to record 19,177,293, up 4% from previous 10-month record of 18,446,744, set in 1988.

Consumer Electronics Personals

James Bonan, ex-Thomson Consumer Electronics video product management mgr., joins Sony Consumer Video Co. as Home Video Div. vp, responsible for 1/2" VCRs and laserdisc products, filling post formerly occupied by Marnix van Gemert, now pres., Sony Audio Products Co. (TVD June 19 p18); **Foy Wilkey**, ex-Curtis Mathes and onetime RCA, succeeds Bonan at Thomson... **William Kopp**, ex-Communication Products Div. gen. mgr., promoted to vp, Panasonic Communications and Home Office Electronics Div... Resigning from Crown USA: **Sales Vp Barry Fishman**, East Coast Gen. Mgr. **Tara Addeo**, Asst. Vp **Richard Zall**... **Stephen Booth**, Popular Mechanics electronics and photography editor, will become editor of Video Review, succeeding **James Meigs**, now senior editor, video, Time Inc.'s new Entertainment Weekly.

Shakeup at Eastman Kodak: **Wilbur Prezzano**, named gen. mgr. of new International Group, succeeded as group vp-gen. mgr. of Photographic Products by **Wilbur Fowbie**, senior vp-gen. mgr., Mfg. & Distribution; **Richard Bourns**, vp-gen. mgr., Mass Memory Div., named to Fowbie's former post; **Peter Palermo**, Eastman Kodak Consumer Imaging Div. vp-gen. mgr., adds title of pres., Ultra Technologies (batteries), in reorganization that puts battery operation under Imaging Div.; he succeeds **James Moxley**, placed on "temporary special assignment" in division; **Martin Adams**, Ultra mktg. vp, named mgr. of unit's worldwide strategic planning unit; Kodak Pres. **Kay Whitmore** becomes CEO June 1 on retirement of Chmn. **Colby Chandler**.

Michael Ripley, southwest dist. sales mgr., advanced to Fuji Magnetic Products Div. southwest regional sales mgr... **Terry King**, ex-KAND Corsica, Tex. gen. mgr., joins Tradewest as mktg. dir... Changes at Granada TV Rental: **Thomas Cole** to head of U.K. rental operations, **John O'Brien** to head of overseas rental in split-up of domestic and overseas responsibilities... Changes at Goodtimes/Kids Klassics: **Gary Khammar**, ex-RCA/Columbia, joins as senior vp of new West Coast Div.; **Jeff Baker** advanced to pres. of new Great American Entertainment rackjobbing operation... Changes in Media sales staff: **David Butler**, sales vp for rental releases, will head all field sales, including sellthrough programs; South Central Sellthrough Sales Mgr. **Chuck Crossen** named central sales mgr., replacing **E.J. McGuire**, promoted to national sales mgr. based in Midwest; **Tim Fournier** advanced to national accounts mgr., remaining in Chicago; **Lisa Poe-Root** promoted to sales services dir... **Roger Burlage**, ex-chmn, Entertainment Services Group, and one-time New World Entertainment pres., joins Vidmark as pres.; **Mark Amin** advanced to chmn... **Louise Alaimo** reportedly rejoins Nelson Entertainment as mktg. vp... **Michael Vassen** resigns as Ingram Video mktg. dir., replaced by Regional Dir. **Fran Salamon**.

TDK said introductions at Winter Consumer Electronics Show in Las Vegas next month will include new 8mm video cassettes and "breakthrough" in analog audio cassettes. New 8mm tape consists of extra-high-grade and 2 Hi8 tapes. Details weren't disclosed. Maxell plans to introduce 8mm line, including 2 tapes in conventional 8mm format and one in Hi8.

Top-of-line laserdisc player introduced in Japan by Pioneer lists at about \$2,800, has 52 dB signal-to-noise ratio (vs. 49 of preceding model), 425-line horizontal resolution. It weighs 62 lb., has solid enclosure to minimize vibration.

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
Falcon Cable Systems			
1989-9 mo. to Sept. 30	21,693,300	(3,138,300)	—
1988-9 mo. to Sept. 30	17,997,200	(670,700)	—
1989-qtr. to Sept. 30	7,639,900	(1,396,400)	—
1988-qtr. to Sept. 30	6,355,600	(250,200)	—
Handleman Co.			
1989-26 wk. to Oct. 28	332,323,000	19,083,000	.59
1988-26 wk. to Oct. 29	300,736,000	17,138,000	.53*
1989-13 wk. to Oct. 28	205,015,000	13,319,000	.41
1988-13 wk. to Oct. 29	179,676,000	11,648,000	.36*
QVC Network			
1989-9 mo. to Oct. 31	170,256,000	2,985,000	.19
1988-9 mo. to Oct. 31	125,606,000	4,757,000	.32
1989-qtr. to Oct. 31	62,851,000	990,000	.06
1988-qtr. to Oct. 31	50,310,000	3,005,000	.20
Tektronix			
1989-24 wk. to Nov. 11	624,186,000	(1,401,000)	—
1988-24 wk. to Nov. 12	637,245,000	14,651,000	.52
1989-12 wk. to Nov. 11	330,102,000	463,000	.01
1988-12 wk. to Nov. 12	336,208,000	7,259,000	.26

Notes: *Restated; adjusted.

CHINA'S SHRINKING TV MARKET: Some 2 million color TV sets are stockpiled in Chinese warehouses, combined result of govt.'s efforts to limit consumer demand and 2.6% decrease in average annual family income, China Daily reports.

"Stagnation" of color TV market is direct result of consumer tax which Beijing govt. levied on goods that has increased price of some TVs as much as 50%. Typical Chinese family earns 2,000-3,000 yuan annually, about equal to price of 20" color set. Number of store outlets selling TVs in China has decreased dramatically since govt. banned sale of TV sets in non-govt.-owned stores, report said. In Shanghai, number of stores selling color TVs has declined to 200 from more than 2,000 in last year.

Meanwhile, breakdown of China's industrial production in Oct. shows 2 million TV sets were made, down 16.6% from Oct. 1988. Of total, 640,000 were color, down 38.3%. As domestic demand has declined, China has focused on exports, which have remained steady.

Professional video editor from Videonics (\$1,500) is in production and ready to be shipped to dealers, company said. Editor, called ProED, is designed to operate with Panasonic AG series of editing VCRs.

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TELEVISION DIGEST®

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

REREGULATION FEARS AT CABLE SHOW: Concerns about action by Congress and/or FCC dampen enthusiasm at Western Cable Show. Malone sees 'muscle game.' Hill staffers' predictions. (P. 1)

BROADCASTERS MAY SEEK FCC RECORDS on indecency. Request would include testimony from commissioners and staff. (P. 3)

TELCO AND CABLE EXECUTIVES SPAR over telephone entry into programming. At Western Show, Sie urges caution against missteps. (P. 4)

SPORTS BIDDING WARS MAY BE WINDING DOWN, cable programmers say. Few contracts coming up; subscriber resistance growing. (P. 4)

FCC PUTS CABLE INQUIRY ON 'FAST TRACK': Just one of many steps planned, Sikes says. Separate rulemaking due on effective competition; hearings planned across country. (P. 5)

HHS SECY. HITS HARD AT ADS FOR ALCOHOL: At White House conference, Sullivan calls for restrictions on advertising. Recommendations due to Congress in Jan. (P. 5)

CONTAM RELEASES NIELSEN RECOMMENDATIONS: Networks issue 600 pages of suggestions to improve ratings research. (P. 6)

REREGULATION FEARS CAST PALL OVER CABLE SHOW: Concerns about impact of potential cable deregulation by Congress and/or FCC -- generated by continued growth of cable subscribers and programming -- dampened enthusiasm at Western Cable Show in Anaheim last week. Show organizers estimated attendance at more than 10,000, possibly setting record, and show floor was crammed with 230 exhibitors, most of them competing stridently for carriage on already crowded cable systems.

Show was notable for lack of major announcements -- as well as lack of big parties traditionally sponsored by programmers. There had been speculation that future ownership of MGM/UA would be resolved during show, and even that 2 new comedy networks, HBO's already operating Comedy Channel and MTV's planned HA! would merge. Neither occurred. Press conferences were scheduled, often 2 at a time, for virtually every available min., but many were cancelled for lack of news, and other announcements generally were routine. Exhibit area also provided few surprises.

Regulatory panels seemed to generate biggest interest, often playing to nearly full houses, in sharp contrast to only 16 persons who attended HDTV session (see separate story this issue). But attendees didn't leave with solid answers, either on likelihood of deregulation or on what impact it would have on their

Consumer Electronics

MITI BANS TALK OF DAT marketing by Japanese manufacturers at CES pending SCMS legislation, but encourages exhibition of prototypes. (P. 11)

HITACHI PLANS TUBE PLANT in southeast U.S., confirms negotiations for site in 'several' states. Investment of \$100 million, million tubes per year seen. (P. 12)

HOME ELECTRONICS IMPORTS UP in most categories in first 9 months of 1989. Color TV, videocassette players, CD players show biggest increases. (P. 12)

75" LCD FOR HDTV display is goal of Sarnoff Center, which aims at \$500 device less than 4" thick, with 10-year development time seen. Race with Japan. (P. 13)

NEW ADVANCED TV LAB is scheduled for Jan. startup by Matsushita, which will use \$7-million facility for HDTV and digital video recording techniques R&D. (P. 14)

ATV MULTIPORT system would feed 24 types of digital and analog signals into receivers of future. (P. 15)

POLLY PECK SPINOFF would split firm into 3 companies, one devoted to electronics. PPI executives hold 11-8 majority on new Sansui board. (P. 15)

RIVAL HOME BUS STANDARD pushed by Philips and Matsushita, but companies claim it's compatible with EIA's CEBus home automation system. (P. 16)

business. TCI Pres. John Malone told opening session there's 50/50 chance of at least limited reregulation and Cal. Cable TV Assn. Chmn. Trey Smith predicted 1990s will be decade of biggest test for cable industry: "If there is not a good regulatory environment, our success will be short-lived."

Cable regulation debate is "political muscle game in Washington that has nothing to do with consumers," said Malone, who attributed effort mainly to telcos, "whose anticable lobby is so strident that it has put us in a somewhat weakened political position." Reregulation would have "chilling effect," not only on cable but also on U.S. program producers, said Smith, who also is senior vp-operations, Times Mirror Cable. He said cable has been major stimulus to help keep U.S. program producers competitive on world markets. But he said that "dynamic process" would end if cable operators were forced to shift emphasis "from program expansion to political management." Result of reregulation, he said, would be to encourage operators to limit programming in order to keep cable rates artificially low and to avoid all controversial programming.

It's ironic that cable's success is fueling calls for reregulation, Smith said: "We have got to take the offensive and remind those who govern us that we were supposed to be successful. They, we and the American people are better for it." Rate regulation could hurt cable's ability to sell ads, Turner Bestg.'s Ted Turner said, possibly forcing industry to spend less on programming. That would mean cable would attract smaller audiences, and smaller audiences would cut into ad revenue growth, he said.

Cable rate regulation would violate original goal of deregulation, which was to provide more money to improve programming, said Thomas Rogers, pres.-NBC Cable & Business Development and one of authors of 1984 Cable Act while congressional staffer. Reregulation would be "really a step back, not only for cable operators, but for the quality of programming," he said. He said NBC's CNBC can help offset subscriber pressure for reregulation by providing consumer-related programming, but admitted that wouldn't offset pressure caused by "a \$4-per-month rate increase."

On issue of financial interest and syndication (finsyn) rules, Turner said he opposes changes that would give networks more control over programming: "[Networks] are my competitors and if I can kick them and get away with it, I will." Malone said it's probably "premature" to end finsyn rules.

Europe 1992 probably doesn't offer major opportunities for U.S. industry, Turner said, because language and cultural differences will remain and there are no pan-European advertisers. But actor-producer Ron Howard, co-chmn. of Imagine Films, said recently enacted 50% limit on U.S. content in European international networks probably won't hurt American producers. He said voluntary limits will be hard to enforce because U.S. programming is so popular: "As a program producer, I'm very excited to see the market open."

Senate's enthusiasm for cable legislation outstrips that in House, key Capitol Hill aides said on panel Dec. 14. Staffers gave conflicting forecasts on prospects of legislation, with Senate aide saying there's every likelihood that bill will be completed by Senate in 1990, and top House aide suggesting that action there was in doubt.

Senate Commerce Committee staff hasn't put pen to paper yet, said Antoinette Cook, Democrats' mass media counsel for panel. But she said reregulatory measure offered in Nov. by Sen. Danforth (R-Mo.) and 14 co-sponsors has excited great interest among Committee members seeking to advance cable legislation. "We have reached the point of no return politically," she said. "Senators have received too many complaints from constituents."

Cook said legislation is certain to address 3 areas of major concern for most on Committee: (1) Must-carry. She saw little chance broadcasters would win approval of compensation element for local signals, because its emergence so late in process could only slow down fast action that Committee leaders want. She suggested that channel positioning was unlikely to be included, in part because Senate Communications Subcommittee Chmn. Inouye (D-Hawaii) believes issue should be settled by FCC.

(2) Concentration of ownership of systems and program services. Cook said consensus is building among panel members to address issue, but no approach has been settled. (3) Cable rates. "Some kind of regulation" in bill is inevitable, Cook said, although no consensus has emerged yet. She said many options are under discussion, including rate caps, minimum basic cable service requirement, setting lowest tier at 3-4 local over-air signals and all public access channels, with rates tied to Consumer Price Index.

Cook saw other issues, such as telco entry into cable, as unlikely to emerge in final bill because consensus hasn't developed in Senate on approach, and time is short -- 1990 is election year and Congress is

likely to close down by Oct. Antitrafficking rule is strong likelihood in bill, Cook said, because many senators believe escalating cable system sales prices are at root of rate hikes.

Terry Haines, Republican counsel to House Telecom Subcommittee, said 2 biggest concerns in House are rates and quality of customer service. However, he was less optimistic about chances House would consider legislation -- even about Senate's completing action. Haines saw likely shortness of 2nd session of 101st Congress as working against legislation. Possibility of FCC action next year also could take wind out of sails in House, he said, particularly if Commission comes up with politically satisfactory resolution to question of cable effective competition standard.

Ira Goldman, counsel to Sen. Wilson (R-Cal.), suggested cable industry could end threat from potential telco competition by accepting rate reregulation. Move would take away one of most potent arguments for telco entry, he said. In most provocative remark, Goldman indicated that not enough attention was being paid to fact that there are few financial or regulatory impediments to buyouts of RHCs, including by MSOs.

Mixed signals on Capitol Hill situation also were sent by House members at closed CablePAC breakfast attended by about 30 persons. Rep. Bates (D-Cal.) of House Commerce Committee, told us he informed group that he doubted reregulatory legislation posed real threat to cable industry. Although he said he was certain that House would revisit Cable Act "soon," Bates said he believes reassessment won't result in wholesale rewrite of law because of political complexities involved. He told group that consumer complaints about cable in his district (San Diego) have been few and that General Accounting Office study "really just showed that rates have gone up. But everything has. A Hershey bar used to cost a nickel, too." Rep. Berman (D-Cal.), member of House Copyright Subcommittee, told us he warned group against complacency. Growing number of legislative proposals and relatively large number of co-sponsors suggests "there are parts of the country with genuine local and regional problems with cable," Berman said, although complaints and problems aren't evident in Cal.

Also appearing at closed breakfast was Cal. Assemblywoman Gwen Moore, who chairs committee that oversees state communications policy. She predicted "there is as much chance of reregulating the cable industry as in putting back the old Bell System."

Meanwhile, at session on FCC matters, NCTA Engineering Vp Wendell Bailey exhorted cable operators to be more attentive to customers and franchise authorities as one way to take steam out of push for reregulation. "A lot of the scrutiny of cable... is simply because we are successful and have done well," he said. "It's also because we have not treated franchise authorities with respect and [because] we have not been successful enough with our customer service."

BROADCASTERS MAY SEEK COMMISSIONERS' TESTIMONY: Several broadcast groups are considering filing motion at FCC to require commissioners and top staffers to provide "oral testimony," along with confidential written documents, that led to Commission inquiry on indecent broadcasts (TVD Oct 30 p3). Proposed filing was sent to 17 "movants" -- TV networks, trade associations and public interest groups -- for comments and suggestions to First Amendment lawyer Timothy Dyk of Wilmer, Cutler & Pickering, lead attorney in case. Groups haven't decided whether to file document, and NAB First Amendment Committee met on issue Dec. 15.

As currently drafted, proposal has been called "too strident... particularly as it implicates the commissioners," according to official of one of groups. Others, including Dyk, said it probably won't be filed in present form. Dyk told us it was intended as "a think piece... It is a proposal for people to think about and they are thinking about it." RTNDA Pres. David Bartlett responded "sure" when asked if request should be filed. He said industry wants to know what standards FCC uses and how it decides what is indecent.

Draft motion now says that in remanding case to FCC, U.S. Appeals Court, D.C., told agency to conduct "a full and fair hearing on the issue of the propriety of indecent broadcasting" and to compile complete record. Parties had argued in Appeals Court that FCC is "incapable of conducting an unbiased proceeding on this issue and... would instead simply seek to assemble support for its adversarial position." Movants say agency can't satisfy Court order if it doesn't permit "interested parties to obtain from the Commission relevant documents and testimony, particularly with respect to the questions whether there are less restrictive regulatory alternatives to a total ban on indecent broadcasting and whether the proceeding is tainted by politically motivated action [TVD Dec 4 p5]. Much information relevant to these issues is likely to be exclusively in the hands of the Commission itself."

Movants plan to seek access to all documents and records related to indecency "within the possession, custody or control of the Commission or of any of its officers or employes" -- including materials that are unpublished -- and with members of Congress, committees and their staffs. Proposed draft also requests authority to take testimony from all present and former commissioners since Oct. 1, 1988, all employes, officers and staff personnel who "had any significant responsibility for preparing, drafting, interpreting or enforcing any regulation relating to broadcast of indecent material" -- including Diane Killory, now in private practice, who was FCC gen. counsel during much of indecency controversy. Commission official said effort to take testimony from commissioners would be "unprecedented." Motion will seek appointment of administrative law judge to supervise taking of testimony.

TELCO AND CABLE SPAR: Telcos shouldn't be permitted into cable until they can specify exactly economic conditions under which move can be accomplished without cross-subsidy, TCI Senior Vp John Sie told closing session of Western Cable Show.

Sie said telcos "don't have any distributive transmission experience. How can we be sure we won't end up with a monumental bailout of the industry?" He said that besides potential telco failures, TCI is concerned about possibility that telco entry will dry up financial market for cable, slowing development of programming. Sie said TCI doesn't reject competition in principle, and echoed comments of TCI Pres. John Malone 2 days earlier that if telcos are allowed into cable, cable should be allowed into telcos' voice and data markets.

GTE is gaining understanding of cable business with its Cerritos, Cal., project, said Larry Sparrow, GTE's vp-regulatory and govt. affairs. He rejected Sie's arguments that telcos aren't cable ready and opposed limiting telcos to transmission, saying they need revenue from programming and other elements that would make entry financial feasible. He said GTE "probably wouldn't" enter business at all if restricted to so-called video-dial tone service.

Cal. Assemblywoman Gwen Moore (D) raised concerns about PUCs' ability adequately to monitor against RHC cross-subsidies and wasn't enthusiastic about telco entry into cable. She said some precautions may be needed to ensure users who want upgraded kinds of services are ones paying for them and not ratepayers in general.

Moore draw applause when she disagreed with Sie's statement that cable was "optional service" and that "no one is putting a gun to anyone's head to subscribe." She responded: "For some people, it's a way of life," so precautions against consumer abuses are necessary. Moore believes Cable Act has failed to produce competition promised, but she saw little likelihood of federal deregulation.

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U.S. ad expenditures in 1989 will total \$124.8 billion, up 5.8% over 1988, McCann-Erickson (M-E) estimated. Robert Coen, M-E senior vp-dir. of forecasting, told PaineWebber conference in N.Y. last week that network TV advertising for 1989 will be up only 1% to \$9.26 billion, spot TV 3.5% to \$7.4 billion, syndication TV 35% to \$1.21 billion, cable 30% to \$1.22 billion, radio 10.4% to \$2.03 billion, newspapers 3.2% to \$6.7 billion, magazines 11.2% to \$6.75 billion. For 1990, Coen predicted 6.2% total ad growth to \$132.6 billion.

United Video petition for rehearing by U.S. Appeals Court, D.C., of ruling that FCC syndicated exclusivity (syndex) rules are constitutional has been denied by Court. Court also denied stay of Jan. 1 effective date. NAB said it was "pleased" syndex rules would take effect as scheduled.

SPORTS PRICE RESISTANCE: Era of high-priced TV sports deals may have ended, in part because only a few more major contracts are to be signed in next few years and in part because it's becoming harder to justify escalating costs, panelists said at Western Cable Show. Programmers said declining viewer shares of broadcast networks will hurt their ability to bid prices up.

Price of sports rights has been doubling every few years, Turner Sports Pres. Terry McGuirk said: "Somewhere, that has got to stop." In general, cable industry hasn't overpaid for sports rights, he said. But panelists generally agreed that end probably has been reached of era in which cable programmers could pay almost anything for sports rights and convince system operators to pay higher fees to reimburse them.

Erosion of broadcast networks' market share is likely to continue, cable programmers said. Rainbow Program Enterprises Pres. Marc Lustgarten predicted networks' share could drop to 30-40%. Prime Ticket Pres. John Severino agreed even biggest events, such as Super Bowl, could move to pay-per-view.

More sports programming will have to be offered on optional basis as prices escalate, Lustgarten said. He said nonfans object to paying higher cable prices required by escalation. Making reception optional through tiering and more use of PPV are only "rational" solutions, he said.

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NAB Exec. Committee failed to give final approval last week to budget starting April 1, which now will be presented to Jan. board meeting. However, NAB Chmn. Lowry Mays told us "we're pretty much in line" with final figures. Income for new year is expected to top \$16 million, compared with \$15.9 million projected for current fiscal year. Mood at 2-day meeting was "slice, slice, slice" proposed expenditures, one participant said. Another said Committee went through staff-proposed budget "line by line." Committee hopes to go into next fiscal year with proposal for excess of \$500,000 in income over expenses -- reportedly is more than half-way there. One area of savings will be graduated cutbacks of money it pays to outside groups such as TvB and RAB. Each is paid \$50,000 annually to participate in NAB convention, and NAB wants to halve that. Total salaries will increase 5%, with NAB seeking additional 2% for merit raises.

Cable network advertising was up 21% in 3rd quarter over year ago, Arbitron reported. Arbitron, which measures ads on 6 major cable networks, said their total ad revenues were \$225.8 million in 3rd quarter 1989, compared to \$186.5 million in same 1988 period. Time Warner moved into number 2 slot since those 2 companies merged earlier this year, Arbitron said. Procter & Gamble remains largest cable advertiser, with \$8.4 million in quarter, followed by Time Warner with \$8.1 million, former number 2 Anheuser-Busch \$7.4 million, General Mills \$5.4 million.

FCC PUTS CABLE ON 'FAST TRACK': FCC opened expected "comprehensive" inquiry Dec. 12 into cable industry operations, first since Congress passed 1984 Cable Act (TVD Dec 4 p4), stating that inquiry and several other cable matters have been put on "fast track." Chmn. Sikes said agency also would issue rulemaking at Jan. meeting on effective competition in cable, combining several other pending comments on cable (by INTV, Satcom, others) with new inquiry. FCC report to Congress on cable is due by Oct. 31, but Sikes said it would be made in July and would deal with "substituting market forces for cable rate regulation" and would recommend bill, if needed.

As part of inquiry, FCC plans series of hearings (to be attended by most commissioners) across country -- site and number not yet determined -- and detailed questionnaires to 9 largest MSOs. Asked why 9, Mass Media Bureau Chief Roy Stewart responded: "You have to cut it off somewhere." He said cable-telco issue wasn't included in inquiry because it's part of separate proceeding and comments already have been received. While Sikes said FCC will take positions on most cable matters by next summer, we're told that isn't likely to include cable-telco, which won't reach front burner until 1991. On still another cable issue, Sikes announced FCC is working with General Accounting Office (GAO) to come up with new cable rate survey.

Commission noted that over last 5 years "cable has grown tremendously in terms of the number of subscribers, penetration, channel capacity, program offerings, audience share and advertising revenue. This growth in cable's presence and influence has stimulated concern about the extent to which cable exercises market power in the video services marketplace and whether cable has begun to abuse it." FCC cited several questions it wanted answered on structure and performance of industry in general and "certain specific companies in particular."

Agency said it's seeking "factual information, data and studies which support or refute the various complaints or allegations that have been made." It's also seeking comments on modification or repeal of existing rules, imposition of new rules, "specific legislative recommendations." Letters to MSOs will seek information on vertical integration and horizontal concentration -- asking "precise nature and extent of their interests in entities producing or distributing cable TV programming and other relevant matters."

Comr. Quello praised FCC's action as "good, comprehensive, objective inquiry... separating the facts from the rhetoric." Said Comr. Marshall: "This is not an exercise in cable bashing" but search for facts. She cited 2 subjects on which she wants answers: (1) Prospect for real cable competition if exclusive franchises are abolished. (2) Whether vertically integrated systems freeze out competition by denying programming to potential competitors, such as MMDS. Comr. Barrett saw inquiry as opportunity to take hard look at many important cable issues. FCC official said several editorial changes still are to be made in final order, that probably 60 days will be given for comments after it's released, 30 days for replies.

Said NCTA Pres. James Mooney: "We welcome the Commission's inquiry... and we are encouraged by the commissioners' stated intent to 'separate the facts from the rhetoric.' The Cable Act has had a direct and positive effect on television and the way consumers use it, and the industry has a positive story to tell." INTV Pres. James Hedlund said he's "pleased... It is a proceeding in which we plan to be an active participant... While we believe some

very fundamental changes must be made, we are not seeking to destroy the cable industry." NAB Exec. Vp-Gen. Counsel Henry Baumann "applauded the FCC for initiating its broad-based inquiry... We have long expressed our concerns about the anticompetitive practices of the cable industry and look forward to participating in this inquiry."

RESTRICTIONS ON ALCOHOL ADS: Most obvious avenue to explore in attack on drunk driving is "some form of restrictions on advertising of alcoholic beverages," said Louis Sullivan, secy. of Health & Human Services (HHS). Speaking at White House conference of antidrunk driving groups last week, he said: "Radio and TV station managers must give alcohol advertisers less leeway... We can no longer allow impressionable young people to see the use of alcohol promoted as the essential ingredient in every social gathering or have it affiliated with rock concerts or other events that attract teenagers." He acknowledged that HHS has "no control" over advertising and no "direct control" over alcohol.

HHS, through Office of Substance Abuse and Prevention, is to make report and recommendations to Congress by Jan. 15 on alcohol and drugs. That report will emerge from recommendations last spring by then-Surgeon Gen. Everett Koop that proposed restrictions on beer and wine ads. Report will go to Senate Govt. Affairs Subcommittee, headed by Sen. Glenn (D-O.), where legislation is pending to restrict beer and wine ads.

In answer to question, Sullivan said he will explore with new NFL commissioner question of restricting beer and wine ads in football telecasts. Asked if there should be ban on such ads, Sullivan said: "We will work to influence that. I fully support that concept." HHS will explore possibility of requiring mandatory counterads to beer and wine as well, he said: "Because of ads, we see a higher incidence of drunk driving." Sullivan reportedly said that HHS would support restrictions or ban on beer and wine ads in all sports telecasts, movies and TV drama programs and that he would speak out at every opportunity.

It wasn't clear whether Sullivan's views reflected those of Bush Administration. Some officials tell us it isn't Bush's position to ban such advertising, and White House is trying to decide what to say.

"The advertising industry is concerned," Harold Shoup, exec. vp of American Assn. of Advertising Agencies and head of its Washington office, told us, when member of Cabinet speaks out on banning advertising of legal products. However, no decision has been made on how best to counter Sullivan's statements. NAB Pres. Edward Fritts said: "It is regrettable that Secretary Sullivan completely ignored all scientific evidence showing no links between TV advertising and the nation's tragic drunk driving problems... It would be more productive if, instead of finding ways to ban the advertising of legal products, the secretary would concentrate his energies on working with the broadcast industry to find positive solutions."

Former President Johnson's manipulations involving KTBC(AM) Austin are described in Dec. 18 New Yorker magazine. Long article is derived from forthcoming 2nd volume of LBJ biography by Robert Caro. It covers Johnson's influence over FCC, networks, advertisers, as he achieved his ambition to become wealthy. Many familiar names appear: Politicians, lawyers, govt. officials, network execs., et al.

PEOPLE METER CHANGES URGED: Several changes in Nielsen's 2-year-old people meter ratings system have been urged in report commissioned by the 3 broadcast networks. In final report issued Dec. 13, Committee on Nationwide TV Audience Measurement (CONTAM) urged Nielsen to measure all viewing, including that in 2nd and vacation homes, and to participate in joint examination of how best to measure that of children under 6, which group acknowledged "is difficult" under any current system. Appointment of ombudsmen by Nielsen to set research standards also was urged in 600-page report, funded to tune of \$1 million.

Study, conducted over 22 months by Statistical Research, also urged administrative changes in how people meter research is conducted: (1) Reduce individual household participation from 2 years to one under finding that "button-pushing fatigue" is progressive problem with users. Such plan must be cost-effective, report said. (2) Improve participant recruitment efforts -- 50% of solicited households now decline to participate. (3) Clarify definition of viewing to participants, with some apparently erroneously pressing buttons when they enter room with TV set even when they're not watching. (4) Simplify recording of visitor viewing, now more complicated procedure than that for participating households.

While CONTAM member said report, presented at ABC hq in N.Y., merely suggested changes rather than constituting indictment of people meters, attendees at news conference there disagreed repeatedly. They contended its substantial length and battery of recommendations covering 9 areas where perceived improvement is needed represent negative outlook. However, Barry Cook, NBC Media Research vp who also is CONTAM chmn., said: "I don't see this study as critical of the system in place. I see it as constructive." Said David Poltrack, CBS senior vp-planning and research: "The issue is not whether Nielsen's research is right or wrong. The issue is that research methodology can always be enhanced. This report can now serve as the blueprint for future changes."

CONTAM said Nielsen was given opportunity to comment on every section of report and noted those replies appear at end of each section. Some changes already are being implemented, Nielsen Exec. Vp John Dimling said: "Some of what is recommended is fine tuning, but there are some broader recommendations that require more discussion." Accompanying presentation were statements approving report from American Assn. of Ad Agencies, Assn. of National Advertisers, cable's MTV.

National Endowment for the Arts (NEA) has retained PR firm Hill & Knowlton to help prepare for congressional reauthorization and other undertakings. Reauthorization of 25-year-old Endowment has been largely pro forma in previous years, but controversy over explicit visual arts exhibits it recently funded indirectly have clouded picture. Dispute led Senate to impose broad funding prohibitions on NEA that conference committee later downgraded to ban on supporting "obscene" material. House Postsecondary Education Subcommittee member Rep. Williams (D-Mont.), while saying he's strong Endowment supporter, has suggested he won't actively seek its continuation if prohibitions transform it into "a conduit for censorship."

NAB Exec. Committee, meeting in Washington last week, reaffirmed its policy of banning reporters from all board and committee meetings -- specifically citing National Radio Systems Committee (NRSC). Radio World publication has been seeking admittance to NRSC meetings.

SYSTEM PRICE CEILING? Shortage of capital will be main limit on cable system prices for next few years, brokers and financiers said at Western Cable Show. They said fear of cable deregulation, overbuilds and telco entry probably won't have major impact on prices.

"For the past few years prices have been set by lenders, not by operators," said Rick Patterson of Waller Capital, "and there is not much liquidity out there." Leo Hindery, managing general partner of InterMedia Partners, said that 3 months ago cable purchasers could "buy now, finance later." But, he said "the day of the busted deal is upon us" because buyers can't find financing or lender backs out before closing.

Severe shortage of credit would mean "prices will be pummeled in a way we've never seen before," Hindery said. Many deals now require 30-35% equity, he said, and that could reach 50%. Requirement is likely to limit system prices, he said.

Industry is facing "very uncertain time right now," Patterson said, because of specter of rate deregulation, fact that demands of some MSOs for acquisitions are "satiated," fears of overbuilds. William Suter, managing dir.-Charter House Media Group, said uncertainty could cause investors to focus on premium cable systems. News isn't all bad, Patterson said, pointing out foreign banks are likely to fill some of financing vacuum.

System values are likely to continue to rise, despite others' concerns that prices have plateaued, Daniels Senior Vp Brian Deevy said. He predicted price for some will reach \$3,000 per subscriber, compared with average of \$2,413 in 20 largest cable deals this year. Potential for new revenue sources will drive prices, Deevy and others predicted. Deevy said systems' ad revenues are likely to grow at least 15% per year, citing new revenues from pay-per-view, increased penetration, tiering, "modest" rate increases.

Telco entry into cable is "not a concern at all," Hindery said. Deevy said telco entry, assuming it's outside service areas, probably would improve prices because telcos are "aggressive bidders" that would introduce significant new capital. Hindery said deregulation actually could be good for industry "if it's done in the right way." Patterson said overbuilds probably will affect only smaller systems, since it's difficult to compete with larger, well-run systems.

House Telecom Subcommittee will explore legislative initiatives in cable regulatory area and leveraged buyouts when Congress returns in Jan., Chmn. Markey (D-Mass.) said in statement assessing first session of 101st Congress. He said panel held 37 hearings in 1989 and completed work on 12 bills that are awaiting final congressional action, including children's TV measure in Senate. Subcommittee will renew efforts to restore fairness doctrine as law, he said, as well as pursue cable legislation of unspecified nature and bill to ease business constraints on telephone Regional Holding Cos. He also promised again to produce bill to encourage development of new technologies and said hearings would continue on media globalization.

Cable TV Labs and Scientific-Atlanta said they will cooperate to conduct research on cable headends. S-A will provide equipment and technical support for research to be performed by Cable Labs. Equipment, including satellite antennas and receivers, modulators and processors, is to be delivered in Jan. S-A Vp David Fellows called research "absolutely necessary, especially in consideration of the increasing complexity of headend equipment in the last 15 years."

QVC BUYS FASHION CHANNEL: QVC Network announced death of Fashion Channel as home shopper consolidation continues. Channel's demise is expected to cause transponder shuffling for company's other offerings. Phaseout of CVN (formerly Cable Value Network) also is moving forward. Meanwhile, comedy channel war continued with announcement of additional affiliate agreements by HBO's Comedy Channel that, it says, will reach 6 million homes by Jan. 1. Planned Sci-Fi Channel also announced some recent agreements.

Fashion Channel had been in bankruptcy since 1988, and announcement merely helped clear way for QVC to launch new multimerchant network. QVC, which said it had purchased transponder rights and all affiliation agreements held by Fashion Channel for undisclosed amount, will end FC telecasts Dec. 31.

Cable systems that had been carrying Fashion Channel will be switched to QVC or to CVN shopping network, which QVC Network also owns, QVC Network Chmn. Joseph Segel said.

Comedy Channel announced deal signed Dec. 13 with Post-Newsweek in which MSO made systemwide commitment to carry program. Agreement will put channel into additional 400,000 homes, with first launched March 1 on MSO's Modesto and Santa Rosa, Cal., systems, Comedy Channel Pres. Richard Beahrs said. Adelphia Cable also has made systemwide carriage commitment, adding potential one million subscribers for network, which debuted Nov. 15, while Cablevision Industries will launch it in June on L.A. system with 100,000 homes. Service will debut Jan. 1 on Multivision's Prince Georges County, Md., system serving 100,000 subscribers and on Times Mirror's 80,000-subscriber Providence system. Comedy Channel made debut on systems -- including Media General -- with 4 million subscribers, and growth marks dramatic acceptance, Beahrs said.

Meanwhile, Sci-Fi Channel announced more steps that could bring new network on line as early as next year. Channel announced agreement in principle with Conus Communications to provide new basic service with weekly half-hour science and technology news show. Terms weren't disclosed. Network will supplement news programming with its own coverage of NASA, officials said. Channel expects to launch with 5-7 million subscribers after up to 9-month system affiliation sales effort set to begin Feb. 1., Pres. Mitchell Rubenstein said.

Cable Transactions: Times Mirror Cable said it completed previously announced swap of its Long Island and Haverhill, Mass., cable systems for Cablevisions Systems system in Glendale, Ariz. Former Times Mirror systems have 53,500 subscribers, Cablevision's 46,500... Galaxy Cablevision has terminated agreement to sell 23 systems in central Tex. to Capital Cable L.P. of St. Louis. Galaxy didn't give reason for ending \$23.7-million deal, said discussions with other potential buyers have resumed... Canada's largest privately owned MSO, Cablecasting, is on market. Owners David Graham and Noel Bambrough plan to use proceeds of sale, estimated at \$300-\$340 million, for other broadcast interests in Canada, as well as for new U.K. cable franchises. Group has 315,000 subscribers in Alta., Man., Ont... Times Mirror is buying system owned by Chambers Cable with 7,100 subscribers in Riverside County, Cal... Vista Communications L.P. purchased Classic Cable Ltd. Partnership of Nashville with 6,774 subscribers. Broker: Daniels... Falcon Cable bought systems with 1,700 subscribers in Carmel Highlands, La Mesa Naval Base and Monterey County, Cal., from Video Engineering.

SCRAMBLING GEAR: Manufacturers are making big push for new scrambling systems to improve cable's pay-per-view (PPV) capability and make movies available to cable at same time or before they're released on videocassette. At least 3 companies announced scrambling developments at Western Cable Show.

Scientific-Atlanta (S-A) said it's testing new Addressable Interdiction (AI) system at Warner Cable's Williamsburg, Va., system. Testing is to last one year. S-A said new equipment is installed outside home for easier connects and service changes.

Zenith showed 2nd-generation of its PM-II. It allows 256 programs to be tagged for scrambling, up from 32. It said change saves scheduling time, expands tier flexibility, improves security.

Eidak scrambling system is compatible with new Pioneer Laserdisc system for PPV, companies said. Eidak system varies frame rate of video at source in way transparent to TV but spoils videocassette recorder copies. Eidak Exec. Vp Graham Stubbs said studios have been participating in tests.

Pioneer LaserDisc Universal System (PLUS), including laser disc Autochanger, is intended to allow cable operators to customize their own PPV channels, Pres. Pete Imamura said. Autochanger can show as many as 72 different videodiscs, with 145 hours of programming, Pioneer said. It said discs have advantages over tape, including better (400-line) horizontal resolution, longer disc life, lower maintenance, digital sound. It said PLUS will be ready for installation in first quarter 1990.

Other technology developments at Western Show included launch of 2 new consumer remote control devices. Zenith showed PCC-IQ that it called first "learning" multibrand remote control. PCC-IQ is preprogrammed to operate 41 brands of TVs, 50 cable converters and 40 VCRs, can be customer-programmed for up to 120 other devices. Delivery is expected in 1990 first quarter. General Instrument (GI) displayed new remote unit that can turn on both cable converter and TV itself, eliminating need for 2nd remote.

GI changed name of its Jerrold Div. to Jerrold Communications, Pres. Hal Krisbergh said, in move to "put an umbrella over the many diversified activities" of unit.

Kits promoting Jan. as "Free Television Month" have been mailed to TV stations by NAB, along with suggested promotions and spots for air. Said Milton Maltz, chmn. of NAB Free TV Task Force: "Free television has a proud tradition of service and achievement. We are more than a programming service. In return for our licenses, we have a public interest responsibility, an obligation that we willingly embrace that distinguishes us from other video services." Campaign was launched last July when most U.S. TV stations simultaneously carried prime-time 30-sec. spot, featuring Walter Cronkite, promoting free TV. Four spots, one in Spanish, were satellite-fed to TV stations for airing in Jan. CATA is planning its own campaign promoting cable to counter NAB action.

WRAL-TV (CBS) and WPTF-TV (NBC)
Raleigh-Durham lost 2,000-ft. towers Dec. 3 in ice storm. WRAL-TV returned to air within 3-1/2 hours, with independent WKFT Fayetteville, N.C., airing WRAL-TV's network signal, along with cable systems in area. WRAL-FM also was knocked off air.

WESTERN SHOW NOTES: Turner Network TV will cooperate with Steven Spielberg's Amblin Entertainment and Brandman Productions to produce at least 6 original movies by top playwrights, TNT Exec. Vp Scott Sassa said. Playwrights include Tom Stoppard, John Shanley, Wendy Wasserstein, David Hwang. New Showcase Theater will debut in 1991, with one new film expected each month. Sassa said original deal is for 6 movies, but TNT hopes it will be continuing project. He said TNT has budgeted nearly \$3-\$4 million per film normally spent on made-for-TV movies because project will use repertory company and will shoot consecutively.

MTV-owned HA! comedy channel isn't likely to merge with HBO-owned Comedy Channel, MTV Chmn. Tom Freston said. He said that MTV has been approached by cable operators with proposal that competing comedy channels merge, but indicated there haven't been direct talks with HBO and he doesn't believe that's viable solution.

Trend toward setting up cable program tiers to head off criticism of rate increases would hurt quality of programming, programmers said. TCI already has announced plans to set up low-cost basic tier and additional-cost tier to include cable networks where costs are less predictable. Tiering almost inevitably would cut into audiences on which basic services rely to generate ad revenues, Comedy Channel Pres. Richard Beahrs said. MTV Chmn. Tom Freston said collapse of tiers after deregulation created "irresistible bundle" of programming that spurred cable penetration. Collapsing tiers again would reverse trend, he said, because programmers would have less revenue to spend on improving shows.

C-SPAN said it expects end-of-year subscriber total to reach 47.5 million, up 13% from year ago. It expects C-SPAN II in same period to grow more than 19% to 19.3 million.

American Movie Classics said it expects to have 6 million more subscribers by end of year than year ago, increasing base to 24 million. AMC celebrated 5th birthday during year.

Playboy At Night announced it will add 650,000 addressable homes in 40 cable systems by early next year. PPV service launched Dec. 1 with access to 3 million homes. Playboy announced in Aug. it would switch from premium service to PPV. MSOs adding Playboy include ATC, Cablevision Industries, Comcast, Cooke Cable, MacLean Hunter, Monmouth, Prime, United Artists, Warner.

Magnavox unveiled new AM fiber optic technology that allows 40 channels, double previous level, to be carried on single fiber. Equipment will be available in first quarter 1990, company said. Magnavox also introduced new digital fiber equipment.

Cable TV Labs is making investment in Eidak, which is developing system to protect PPV programming from copying. Size of investment wasn't disclosed, but it allows Cable Labs to join TCI and Continental as minority investors in Eidak. Cable Labs board, meanwhile, approved \$3.5-million 1990 operating budget, \$750,000 capital budget.

VH-1 is projecting 14% growth of subscriber base for full year 1989, reaching 34.6 million.

Discovery Channel announced exclusive 3-year deal for U.S. rights to some of BBC's nonfiction programs, including *America* and *The Making of a Continent*, which

have had PBS runs, and new *The Best of the BBC*. "Best of" will be developed by Discovery Channel from BBC's documentary library and include up to 30 hours of programming in first season, BBC Lionheart TV Pres. Jack Masters said. Shows will debut in fall 1990.

Basic cable rates compare favorably with tickets to motion pictures, professional baseball and theater, according to figures released by NCTA. NCTA compared \$14.77 average monthly price for cable to \$16.64 for family of 4 for movie tickets, \$30.44 for 4 baseball tickets, \$65.40 for 2 theater tickets. But in percentage increase, which NCTA didn't calculate, cable's 88% growth in decade exceeded that of movies (55%), baseball (68%), theater tickets (93%). NCTA also said cable cost-per-channel is down.

BellSouth has signed deal with McCaw to terminate merger agreement with LIN Bestg., clearing one more roadblock from path for McCaw's eventual acquisition of control of LIN for about \$3.4 billion. McCaw announced same day it had signed definitive agreement to acquire LIN. "We went as far as we could go," BellSouth Enterprises Pres. William McCoy told us, explaining why RHC didn't try to counter \$154.11-per-share McCaw offer. Under deal with McCaw, BellSouth will get \$66.5 million in termination fees and expenses from LIN. In turn, McCaw will contribute \$26.5 million to company that owns piece of L.A. Cellular Telephone Co., nonwireline cellular franchise there. BellSouth owns 85% of firm, McCaw 15%. After McCaw acquires 51% of LIN, L.A. cellular franchise will be split between BellSouth and LIN, 60%-40%, with BellSouth owning majority. LIN Vp-Treas. Michael Plouf said McCaw should acquire control of LIN in Jan. and name new 9-member board, retaining 3 of present LIN dirs.

Bush Administration still is considering lifting ban on satellite exports to China imposed after Beijing govt. crackdown on prodemocracy demonstrators. White House Press Secy. Marlin Fitzwater said President Bush "did not intend to disrupt normal civilian commercial relations" when he barred military exports to China last spring, and officials are reviewing sanctions with that in mind. Aussat and Asiasat communications satellites fall in category of items on federal munitions list that were included automatically in suspension, U.S. officials said. "No decision has been made... but it is possible" that satellites will be freed for delivery, Fitzwater said. Satellites were to be launched on China's Long March rocket. Australian govt. has been trying to obtain U.S. waiver and said it has received indications that Administration will decide in its favor by end of year.

CapCities/ABC board adopted shareholder rights plan Dec. 15 that Chmn. Thomas Murphy said is designed to protect stockholders "against efforts to acquire the company for a price below the company's fair value." He said Cap/ABC is unaware of any takeover attempt and has no reason to believe there will be one. Added rights would be exercisable if person, group or company acquires 20% or more of Cap/ABC common stock or launches tender offer that acquires same amount of shares.

FCC Office of Engineering & Technology (OET) has issued interim report on availability of spectrum for advanced TV. Third report in series, it discusses: "Repacking" of existing stations, co-channel minimum separations suggested by Zenith and others, impact of retaining UHF "image taboos," effects of retaining vacant noncommercial allocations. Report (FCC/OET TM89-1) may be bought from International Transcription Services, 202-857-3800.

HDTV SIMULCAST FAVORED: There's trend toward simulcast HDTV transmission systems, rather than augmentation, according to all speakers on HDTV at Western Cable Show. They said trend not only is acceptable to broadcasters, but probably is preferable.

Philips already has changed emphasis to simulcast from augmentation, which improves NTSC signal with addition of HDTV signal from separate 3- or 6-MHz channel. Simulcast retains NTSC and provides completely independent HDTV signal on separate 6-MHz channel. Cable TV Labs Vp Craig Tanner said Japan's NHK already has decided not to submit its MUSE-9 simulcast system for testing.

Simulcast has best chance to be competitive on world markets in long term, said PBS Senior Vp Howard Miller, vice chmn. of Advanced TV Test Center (ATTC). He said simulcast systems provide more production freedom, better picture quality, more manageable transition, improved distribution system performance and long-term spectrum efficiency, assuming NTSC eventually is phased out. Tanner said phase-out of NTSC could make spectrum available for later "super-HDTV."

Simulcasting also should mean less expensive TV sets, Miller said. Cost of display units for simulcast and augmentation sets are virtually identical, he said, but simulcast HDTV sets should be cheaper because augmentation would require 2 tuners to receive 2 different channels, as well as sophisticated electronics to coordinate 2 signals precisely.

Miller said even simulcast over-air transmission system probably would trail satellite, videotape and digital fiber optic delivery systems in overall quality. He set up 1-10 ranking, with quality of current NTSC ranked one and full digital fiber optic as 10. Scale, which he said still is preliminary, ranked improved NTSC receivers as 2, one-channel compatible improved NTSC 3, 2-channel compatible system 4, simulcast 6, satellite 7, digital videotape 8.

Walter Ciciora, ATC vp-engineering and member of FCC's Advanced TV Advisory Committee, said HDTV isn't likely to achieve 1% consumer penetration until at least 2004, and 10% until 2007 or later. He said HDTV system testing by ATTC and Cable TV Labs isn't likely to be finished until late 1991, Advisory Committee could take year to decide on recommendation, FCC could take another 18 months to make final decision. That would mean HDTV standard wouldn't be set before early 1994, he said, and first sets wouldn't be on market until late that year. However, Tanner said transition to HDTV could come more quickly than some expect because, unlike transition to color, all of technology is virtually in hand so equipment could go on market speedily.

Cable industry can't ignore needs of vast majority of NTSC customers in meantime, Ciciora said. He predicted VCR and set manufacturers gradually will improve bandwidth capability and pictures available from NTSC videocassettes, so cable will have to improve its NTSC transmission capability.

HDTV wasn't major issue at show, unlike at NAB convention where there have been huge displays and numerous panels for last few years. Only one panel at Western Show was devoted exclusively to HDTV, and only 16 of more than 10,000 attendees sat in. Another panel, which drew somewhat larger attendance, was divided among advanced TV, fiber optics, other new technologies. HDTV

was almost nonexistent among 230 exhibits. Scientific-Atlanta showed satellite delivery of its HDB-MAC HDTV encryption system for first time at major TV conference. At previous shows, it demonstrated HDB-MAC only from tape origination. HDTV was mentioned at handful of other exhibits, but never was major focus.

Luxembourg Media Summit is scheduled May 22-23 to provide "a transatlantic dialog on economic, financial and policy aspects of the television media." Sponsors include Banque International a Luxembourg (BIL), Radio-Tele-Luxembourg (RTL), Luxembourg govt. U.S. organizer, ex-FCC Chmn. Mark Fowler, said Summit will be first attempt to bring govt. and media policymakers together to discuss issues and strategy. Among speakers: Luxembourg Prime Minister Jacques Santer, European Cstg. Union Pres. Albert Scharf, CLT Pres. Gaston Thorn, Mirror Group Newspapers Chmn. Robert Maxwell, Independent TV Assn. (U.K.) Chmn. Richard Dunn, Zweites Deutches Fernsehen Pres. Dieter Stolte, Ch. 4 (U.K.) Chmn. Richard Attenborough, Havas Pres. Pierre Dauzier, Antenne 2 and FR3 Pres. Phillippe Guilhaume, Group Fininvest Pres. Silvio Berlusconi, HBO Pres. Michael Fuchs, Jean Dondelinger, Cultural Affairs Commission of European Community, Fowler. Details: Johannesson & Assoc., 10 rue Adames, L-1114 Luxembourg, Grand-Duchy de Luxembourg, or Fowler, 202-637-2200.

WVXU(FM) Cincinnati has asked FCC Complaints & Investigations Branch to rescind station's recent admonishment for 6 underwriting credit violations. In Dec. 4 petition, public station said Commission should have given it opportunity to respond to complaint before issuing letter and admonition by Branch conflicted with agency's previous practice of relying on "reasonable, good-faith" judgment of licensees to interpret permissibility of individual credits under guidelines: "The difficult, often semantic, nature of the distinction [between permitted identification and prohibited promotion of products] is precisely the reason why there is a licensee discretion-based regulatory scheme, and why the imposition of sanctions under the circumstances presented here is entirely inappropriate." WVXU said that, with "possible exception" of "discount" phraseology, each of 6 cited credits complies with guidelines.

FCC fines: (1) \$4,000 (maximum) against Paragon Communications cable system in Graham, Tex., for repeated violations of signal leakage rules. (2) \$1,200 against amateur operator David Hodges, Baltimore, for "malicious interference" and for failure to identify himself during transmissions. Comr. Quello complained that Hodges' violations were first brought to FCC's attention in 1985 and that it was 4 years before action was taken. (3) \$1,000 against Texidor Security Equipment, business radio licensee of KNDE-363 San Juan, for "willful violations" of rules by failing to take "reasonable precautions to avoid causing harmful interference" on 452.9 MHz. Texidor uses frequency to operate security system for banks in P.R. Chmn. Sikes said he would have fined Texidor much more because it was guilty of "flagrant violations of our rules... This is an especially egregious case."

Research on NTSC picture quality will be conducted jointly by Cable TV Labs and Jerrold under new agreement. Cable Labs Vp Tom Elliot said work is intended to allow existing systems, as well as those upgrading and installing new equipment, to determine ways to provide optimal signal. Research will focus on noise, intermodulation, microreflections, envelope delay, phase noise.

Personals

NATPE International Chmn.'s Award will go to **Joel Chaseman**, chmn., Post-Newsweek Stations, and **George Heineman**, ex-vp-gen. program exec., NBC, Jan. 17 at NATPE convention in New Orleans; **Joan Rivers** will host Iris Awards Jan. 18; **Ted Turner**, chmn., Turner Bctg. System, will speak at closing lunch next day... **Herbert Brown**, partner in Washington law firm Kirkpatrick & Lockhart, named staff dir. and chief counsel of House Telecom Subcommittee, succeeding **Lawrence Sidman**... **William Corr**, ex-House Health & Environment Subcommittee, named chief counsel and staff dir., Senate Antitrust Subcommittee, succeeding **Eddie Correia**.

David Donovan, legal asst. to FCC Comr. **Quello**, appointed vp-legal and legislative affairs, INTV, succeeding **James Hedlund**, now INTV pres., effective in Jan... **Barbara Kreisman** promoted to acting chief, Video Services Div., FCC Mass Media Bureau, succeeding **Roy Stewart**, now chief of Bureau... Changes at NBC: **Bernard Hirsch** promoted to exec. vp-sales and mktg., NBC TV Stations; **Joe Angotti**, NBC News senior vp, takes year's leave, may write book; **Elena Nachmanoff**, ex-N.S. Bienstock, joins as dir.-talent recruitment, NBC News, Sports, Cable and TV Stations Div.; **Rich Williams**, ex-HBO, joins NBC cable network CNBC as dir., on-air promotion... **Hilmer Swanson**, senior chief scientist, Harris Best. Div., will receive NAB Engineering Award at April convention in Atlanta.

Thomas Baxter promoted to pres., Comcast Cable, succeeding **Robert Clasen**, named pres., newly formed Comcast International... **Alan Nesbitt**, pres.-gen. mgr., Cap/ABC's WTVD Durham-Raleigh, appointed pres.-gen. mgr., co-owned WPVI-TV Philadelphia, succeeding **Richard Spinner**, recently named senior vp-managing dir., Cap/ABC Video Enterprises.

Changes at Showtime Networks: **Peter Stamelman**, ex-Major Clients Agency, joins as vp-comedy series; **Margo Rudman** promoted to dir.-mktg. administration and business development, Viacom Networks Group.

Gregory Liptak advanced to pres., Jones Spacelink, **James O'Brien** to pres., Jones Intercable; **Glenn Jones** remains chmn., both units... **Joe Stevens** promoted to senior vp-controller-TV, Columbia Pictures Entertainment... **Gil Schwartz** appointed vp-communications, Westinghouse Bctg... **Dennis Mallon** promoted to vp-commercial sales, IDB International... **Cathy Fischer**, ex-head of own PR agency, joins HBO Inc. as mgr.-affiliate PR and programming publicity.

Changes at Anixter Bros.: **Bob DeBolt** advanced to senior vp-operations, **Fred Rake** joins as vp-operations, **Ed Jurczak** advanced to vp-facilities... **Steven Gray**, exec. dir.-programming, KUHT Houston, joins PBS as dir.-program scheduling, succeeding late **Charles Impaglia**.

Leonard Kahn, Kahn Communications pres., named first recipient of annual Jack Popple Best. Award, presented by Radio Club of America... **Tim Krass** promoted to vp-mktg. and affiliate relations, Prime Ticket Network... **Patricia Lynch**, ex-U.S. ambassador to Madagascar and former host, VOA's Breakfast Show, named dir.-corporate affairs, Radio Free Europe and Radio Liberty, succeeding **Kenneth Thompson**, promoted to dir.-news and current affairs... **Chris Johnson**, ex-KZTV Corpus Christi, named dir.-operations, KNME-TV Albuquerque.

Whitney Goit promoted to exec. vp-sales and mktg., Arts & Entertainment Network... Changes at NAPTS: **John**

Lawson, public information dir., S.C. Educational TV, joins as dir.-national affairs, new post; **Carol Wheeler**, ex-NAB lobbyist, wife of former NCTA Pres. Thomas Wheeler, appointed legislative affairs consultant... **Gerald Helman**, senior adviser to U.S. undersecy. of state-political affairs, named by State Dept. to international committee reviewing structure and functions of ITU... **Stephen Goodman**, ex-Comsat and FCC, joins law firm Verner, Liipfert, Bernhard, McPherson & Hand as senior assoc.

Additions at Turner Network TV: **Lance Evans**, ex-dir., fact-based dramas, CBS, as dir.-program development; **Jennifer Levine**, ex-Columbia Pictures TV, as mgr.-program development.

Speakers at Annenberg Washington Program seminar on TV violence, 9 a.m., Jan. 30, Suite 200, 1455 Pa. Ave. NW: FCC Comr. **Barrett**; **Beth Bressan**, vp-asst. to pres., CBS Best. Group; **Alan Gerson**, vp-programming standards and mktg. policy, NBC; **Peter Kohler**, vp, Gannett Bctg.; **Chuck Sherman**, NAB senior vp-TV; Sen. **Simon** (D-III.).

John Dominic moves from senior vp-educational technologies, WCET Cincinnati, to senior vp-telecommunications... **Henry Kravis**, partner, Kohlberg Kravis Roberts, named chmn., WNET N.Y.-Newark, succeeding **William Ellinghaus**, 5-year chmn. and former AT&T pres. who remains on board... **Rob Stoddard**, Cardiff Publishing Washington bureau chief, joins CATA Jan. 1 as vp-communications, new post... **Douglass Wills**, ex-consultant to Comsat, named NAB mgr.-media relations, succeeding **Robert Hallahan**, retired.

William Antle, Hadleigh Group pres., to join Oak Industries in same capacity, succeeding **Rex Warden**... **John Carpenter**, ex-vp-gen. mgr., KETV Omaha, joins Pulitzer's WDSU-TV New Orleans in same capacity... **Catherine Malatesta** named dir.-international sales and mktg., newly formed Westinghouse Bestg. International... **Samuel Stelk**, FCC Kan. City regional dir., retires Dec. 31 after 34 years with Commission... **Jerry Blankenbeker**, ex-chief engineer, WLWT Cincinnati, joins WCET there as dir.-technical services.

Visnews has been awarded \$790,000 contract to handle transmission of satellite-delivered Swedish pay-TV channel, SF Succe. Visnews said it began transmitting SF Succe signals Dec. 1 to British Telecom in London for uplink to Intelsat V-A. Company said SF Succe has 60 hours of programming per week, largely feature films. Visnews said 25 movies and 9 hours of children's programming will be carried each week. It said channel has signed 3 Swedish cable networks -- Malmö Kabel TV, Stjarn TVnatet and Televerket -- with 2 million viewers combined. Channel's signal is scrambled using Eurocrypt S, and transmissions are made with new D-MAC standard. SF Succe is joint venture of Swedish film/TV producer Svensk Filmindustri, Swedish newspaper publisher Tidnings AB Marieberg, Warner Bros.

Eternal Word TV Network (EWTN) has signed agreement with Hughes for transponder on Galaxy I-R, terms undisclosed. EWTN, which reaches about 15 million homes, has distributed primary feed on Hughes' Galaxy III satellite since 1987. Hughes plans to launch Galaxy V in 1991 to replace Westar V, one of 3 satellites acquired in Jan. when it bought Westar system from Western Union. Galaxy IR will replace its predecessor in early 1992. In separate move, Hughes contracted with General Dynamics for Atlas launches of 2 replacement Galaxy spacecraft.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	NOV. 25- DEC. 1	1988 WEEK	% CHANGE	NOV. 18-24	48 WEEKS 1989	48 WEEKS 1988	% CHANGE
TOTAL COLOR.....	643,085*	478,402	+34.4	431,196	20,357,615*	18,771,628	+ 8.4
DIRECT-VIEW...	633,724*	467,184	+35.6	422,398	20,121,014*	18,498,863	+ 8.8
PROJECTION....	9,361	11,218*	-16.6	8,798	236,601	272,765	-13.3
TOTAL VCR.....	531,980*	412,022	+29.1	296,121	10,888,122	11,499,096	- 5.3
DECKS.....	425,353*	330,314	+28.8	231,923	8,847,243	9,666,679	- 8.5
CAMCORDERS....	106,627*	81,708	+30.5	64,198	2,040,879*	1,832,417	+11.4

Color TV 5-week moving average: 1989--499,265*; 1988--471,333 (up 5.9%).

VCR deck 5-week moving average: 1989--285,957; 1988--284,619 (up 1.0%).

Camcorder 5-week moving average: 1989--71,441*; 1988--59,552 (up 20.0%).

* Record for period.

MITI BANS TALK OF DAT MARKETING AT CES: Japan's Ministry of International Trade & Industry (MITI) last week barred Japanese manufacturers from talking about marketing plans for digital audio tape (DAT) recorders until Serial Copy Management System (SCMS) legislation is passed in U.S. Congress, according to unimpeachable source.

Memo from MITI, issued in time to affect exhibits at Consumer Electronics Show Jan. 6-9 in Las Vegas, said its intent was to avoid "stimulating" anti-DAT sentiment among worldwide recording industry. While directive actually encouraged companies to demonstrate DAT prototypes at CES to keep technology on front pages, it cautioned them to use only prerecorded material that's "copyright-clear."

Word of MITI directive is first firm sign that Japanese manufacturers will wait for U.S. legislation on SCMS before committing to marketing plans. Directive, expected to be observed by all Japanese manufacturers, came despite public statements by EIA executives that nothing should preclude import or sale of DAT recorders before congressional action. Even officials of Recording Industry Assn. of America (RIAA) have agreed with EIA assessment, but RIAA has come under increasing storm of criticism from music publishers and others in recent months for its support of SCMS agreement because it makes no provision for royalties. Japanese companies appear to be wary of RIAA's "no-sue" pledge on SCMS recorders imported before congressional action because pledge isn't "binding." Fear is that RIAA could change its tack amid mounting opposition to SCMS accord.

One veteran Japan-watcher said that while he didn't know specifically of MITI directive, he felt it may have been misinterpreted. He said it was possible govt. might have warned manufacturers to avoid mentioning any marketing plans before legislation is introduced -- not passed -- and said MITI has been encouraging Japanese to proceed with planning DAT introductions. Passage of legislation isn't expected before Oct. by many Washington hands. In any case, MITI directive will affect plans of Japanese exhibitors at CES.

Apprised of MITI action, EIA Vp-Gen. Counsel-Secy. Gary Shapiro told us: "I do not believe a DAT [recorder] seller would be sued at this point. The RIAA has acted in utmost good faith. Even if there were a lawsuit, it would not likely succeed." As for unified Japanese action, he said: "We believe each company should make up its own mind."

Japanese reticence could give break to European companies planning to show -- and talk about -- DAT recorders. One of few that could make major DAT statement at show is Grundig, which plans to present SCMS recorder through Lextronix, its small Redwood City, Cal.-based subsidiary. Lextronix Pres. Esmail

Amid-Hozour told us present plan is to deliver DAT recorder early in 2nd quarter of 1990 at projected price of \$1,500-\$2,000.

Dolby Labs, meanwhile, will hold American premiere at CES for its S-type noise reduction circuit, which some see as competitor to DAT. Demos will be low-key in comparison with Dolby's original plan to introduce new system with great fanfare at same time that most major audio brands showed huge contingent of planned models. Wave of prototypes isn't likely to materialize because Dolby was late getting sample chip sets in hands of all would-be licensees. As result, Dolby now is holding out possibility that full array of marketable working prototypes will be shown at June CES in Chicago.

MITI's directive presumably will fall heavily on Sony, to which industry was looking for important DAT announcement. Sony had even said it had no plans for Dolby S recorders because it would concentrate on DAT, even though it was developer of Dolby S chips (TVD Nov 27 p13). At week's end, there was some indication of possible change in Sony's attitude toward Dolby S recorders, but no direct word from company. Dolby spokesman declined comment, citing confidentiality.

MITI's memo to set manufacturers -- accepted by industry as virtually mandatory directive -- is reminiscent of first introduction of DAT recorders at Japan Audio Fair in 1986. Just before show, all Japanese manufacturers reached "agreement" not to introduce actual products or reveal marketing plans at event because of protests from record companies that it could hurt fledgling CD market and encourage copyright violation. Nevertheless, at Audio Fair and simultaneous Electronics Show, 18 manufacturers showed players that were hastily labeled "prototype" (TVD Oct 6/86 p11).

HITACHI PLANS SOUTHEAST U.S. TUBE PLANT: Hitachi is negotiating in "several" southeastern states for site for color TV picture tube plant, company spokesman in U.S. told us. He denied report that Ga. had been selected, but said announcement will be made "in very near future." Japanese report said Hitachi will invest about \$100 million in new plant, to begin production by summer 1991. Facility will be responsibility of Hitachi Electric Devices America, new subsidiary to begin operating next month.

Unconfirmed reports say factory will produce one million tubes annually in sizes over 20", to be supplied to Hitachi's Anaheim color TV factory and other TV manufacturers on OEM basis. Companies said to be lined up for OEM arrangements include those operating in southeastern U.S.: NEC, Sanyo and Sharp, with U.S. TV manufacturing plants in McDonough, Ga.; Forrest City, Ark., and Memphis, respectively. Hitachi must have OEM customers for maximum efficiency, since its own annual TV production is only about 360,000. Most picture tubes currently supplied to Anaheim facility are from Hitachi factories in Japan and Singapore. Fact that company is seeking tube site in Southeast gives rise to speculation that it may be planning to make TV sets in that area as well.

Hitachi will be 6th company to announce new picture tube plants or enlargement of existing facilities in U.S. Including Hitachi, at least \$660 million is being invested in new tube facilities here, which eventually will add at least 1.7 million tubes annually. New or expanded facilities are completed, under way or announced by Matsushita, Philips, Sony, Thomson, Toshiba. Other 2 companies with N. American tube plants -- Mitsubishi (Canada) and Zenith -- haven't announced expansions.

Production of picture tubes in U.S. by Hitachi could intensify proliferation here of giant sizes that now include 30", 31", 32". Hitachi already has said it will produce 33" in Mobera, Japan, presumably could produce it here, too. Currently, only Mitsubishi (in Japan) makes 35", but Thomson plans to manufacture that size at Marion, Ind.

Sony, which recently announced \$100-million expansion of San Diego plant to add 32" picture tubes (TVD Nov 13 p8), is understood to have indicated it will make decision next month on site for tube plant in eastern U.S. (TVD Dec 4 p9).

VIDEO EQUIPMENT IMPORTS UP IN FIRST 9 MONTHS: Year is shaping up as one of revival for U.S. imports of consumer electronics products, after 1988's steep decline in shipments from foreign producers. Latest Commerce Dept. figures show big increases in direct-view color TV, flat-screen (LCD) TV, VCR deck, videocassette player and Compact Disc player imports in first 3 quarters of 1989, compared with same 1988 period. Even b&w TV imports rose modest amount in first 9 months.

Foreign suppliers delivered 7,482,800 complete color TVs to U.S. in first 3 quarters, up 23.1% from 1988 shipments, which were down 17.5% from 1987 total. Every major source country except Taiwan and Korea

showed increase, in sharp contrast to first 3 quarters of 1988, when only Mexico and Singapore had gains. Monochrome TV imports rose 3.1% to 2,340,300. Gains result in part from enormous increase in shipments from China, but Commerce figures for imports from there have been inconsistent in recent months and may be inaccurate. Total TV imports rose 17.7% to 9,823,000.

New VCR deck sources emerged in first 9 months, boosting total shipments to U.S. 8% to 8,926,700, from 8,265,500 in Jan.-Sept. 1988. While shipments from Japan declined 4.6% to 6,067,300, decks from Korea increased 20.2% to 1,875,500 and from Taiwan 1.7% to 539,700. Thailand delivered 370,800, Malaysia 34,800, Singapore 34,400. Those countries had negligible VCR deck shipments in first 3 quarters of 1988. Non-Japanese suppliers accounted for 32% of all decks shipped to U.S. in period, up from 25.5% year earlier.

Camcorder imports totaled 1,798,900 in first 9 months, 465,500 (25.9%) in 8mm format, 1,333,400 (74.1%) in VHS or VHS-C. No direct comparisons with year-earlier figures are available from Commerce. Virtually all 8mm products came from Japan. Some 97.5% of VHS camcorders were Japanese, with Netherlands, Korea, Taiwan, China, Philippines, Hong Kong and Singapore supplying others.

Videocassette player imports jumped 67.9% to 745,900 in 9 months, surpassing 1988's full-year record total of 628,800. Korea supplied 564,600 and Japan 173,600. Projection TV imports totaled 117,200, but there's no comparison with last year's figure because Commerce incorrectly reported projection TV shipments in 2nd half of 1988. Flat-screen LCD TV imports rose 12.9% to 207,900, majority from Japan. TV camera shipments fell 19.5% to 282,500, color was down 42.4% to 64,000, b&w off 8.9% to 218,500. Compact Disc (CD) player imports were up 29.3% to 3,989,100, Japan supplying 2,961,800, with rest from Singapore, Korea, Mexico, Taiwan, Belgium.

Sept. imports were reflection of full-period shipments. Complete color TV rose 19.9% to 876,400 and b&w TV 5.7% to 258,300, putting total TV up 16.3% to 1,135,200. VCR decks rose 8.8% to 1,215,700, with Japan up 3.4% to 813,500, Korea up 11.3% to 265,900, Taiwan down 51.2% to 44,400. Other major suppliers were Thailand (71,600), Malaysia (15,675), Singapore (4,200). Non-Japanese sources accounted for 33.1% share of total. Camcorder shipments totaled 291,900, 8mm providing 27.4% with 80,000, VHS and VHS-C 72.6% with 212,000.

Projection TV shipments to U.S. totaled 10,600 in month, with no comparable Sept. 1988 figure available. Sept. imports of other video products: Flat-screen TV up 27.5% to 85,500, videocassette players up 28.5% to 90,000, total TV cameras down 19.8% to 30,200. CD player imports increased 26.1% to 583,800, record for any month.

SARNOFF LABS AIMS AT 75" LCD FOR HDTV: Major development project at Sarnoff Research Center, funded by 8 unidentified companies, has as its goal high-definition wall-hanging LCD measuring 75" diagonally and less than 4" deep, including backlight. Sarnoff scientists have 10-year goal to develop product, and already have produced "many" model LCD "display modules" measuring up to 4.3x8".

Stressing "intimate relationship between HDTV and display technology," Roger Stewart, who heads advanced displays device research at Sarnoff Center in Princeton, N.J., said last week that neither large-screen display nor HDTV "will make it by itself." He outlined project's progress and goals at Flat Information Displays Conference in Santa Clara, Cal., sponsored by Stanford Resources Inc. and International Planning Information Inc.

Large flat-screen displays are vital to HDTV, Stewart said, because HDTV requires picture too large to be delivered by conventional systems -- "getting them into the living room is a major challenge -- a 35-inch tube is the limit of what will fit in a doorway." In 10-15 years, he said, he expects flat panel to supplant CR tube, and "the market dictates that LCD technology is dominant." He indicated his team is in race with Japanese. "In 7 years the Japanese will be there," he said, meaning large-sized LCDs, based on project backed by Japanese Ministry of Trade & Industry to develop 40" LCD TV (TVD Sept 26/88 p13).

Sarnoff approach is "polysilicon transistor self-scanned active matrix LCD," Stewart said. Self-scanning feature results in hundredfold reduction in number of connections by programming scanning for each line rather than using matrix of thin-film transistors to activate brightness and color on pixel-by-pixel basis. Current effort at Labs, he said, is devoted to "increasing the size [of display] and adding gray scale." Glass is 40 mils thick, and he indicated final thickness of large display would be dictated by size required by backlighting.

Pointing to need for big displays, Stewart cited increase in size of screens that may be viewed at traditional 8-ft. viewing distance. He said 8 ft. was distance for standard 19" set of 1970s, while today's monitor-grade TV set with comb filter and higher resolution tube made 27" ideal display for viewing at 8 ft.; IDTV, he said, needs 30" display at 8 ft. (although he added, "frankly I don't think it's worth the money"). With coming of EDTV in 1993 (he cited Sarnoff Center's ACTV I system), 45" display will be suitable for 8-ft. viewing, and HDTV with 700 horizontal by 750 vertical line resolution "needs 75-inch display, 3-by-5-foot screen, at 8 feet."

Parameters Sarnoff is shooting for in HDTV display: 45-75" diagonal, less than 4" thick, more than 200 ft.-lambert brightness, contrast ratio better than 50:1, cost under \$500, efficiency of 5 lumens per w. Stewart gave this timetable for HDTV video systems research: U.S. HDTV standard established in 3 years, HDTV camera production in same time frame, first HDTV transmissions and electronics for low-cost HDTV receivers in 5 years. Advanced TV display technology will be limiting factor in establishing HDTV, with this timetable: Wide viewing angle [for LCDs] in 2 years, scanners with 8-bit gray scale performance in 2-3 years, high brightness and efficiency in 3 years, HDTV projection systems in 3 years, direct-view (LCD) HDTV in 7 years ("best we can hope for"), low-cost direct-view HDTV in 10 years.

Path to low-cost LCD follows learning curve of smaller and more specialized products. Stewart gave this estimate of declining costs and increasing display sizes as applications and markets grow:

Application	Display Diag.	No. Sold Per Year	Cost Per Sq. In.	Total Market at Maturity
Cockpit avionics..	4-14"	10,000	\$50.00	\$ 20 million
Color TV.....	3-6"	1,000,000	50.00	\$200 million
Passenger avionics	6"	100,000	30.00	\$ 30 million
Laptop computers..	10"	100,000	10.00	\$ 40 million
Automotive.....	10"	10,000,000	5.00	\$ 1 billion
Personal computers	13"	5,000,000	2.00	\$ 1 billion
HDTV receivers....	45-75"	5,000,000	0.50	\$2.5 billion

MATSUSHITA ATV LAB: Matsushita disclosed details of its advanced TV research lab in Burlington, N.J., that's expected to begin operating in late Jan. Panasonic Advanced TV-Video Labs, owned by Matsushita Electric Corp. of America (MECA) with investment of \$7 million, will have staff of 20 working on R&D of advanced TV systems and digital video recording.

"The chief goal of this new laboratory is to research, develop and contribute to the standardization of a U.S. [ATV] system that is compatible with the current NTSC TV broadcast system," MECA Pres. Richard Kraft said. "Direct MECA management of the lab will enable us to quickly respond to the specific needs of North American advanced TV standardization." When technology becomes commercially feasible, he said, company "has every intention" of making receivers at U.S. plant.

Toshiba plans to establish HDTV R&D center at its color TV factory in Lebanon, Tenn., reports in Japan said. At start, it will employ 10-20 people. Sony also has R&D center in U.S. working on HDTV.

MIT Media Lab, under Dir. Nicholas Negroponte, will establish International Advanced R&D Institute (IARDI) in Japan in cooperation with corporations and universities there. Lab will be funded privately and will conduct research into advanced information technologies, including TV systems and electronic editing and publishing. Construction will begin next summer, with completion in about 3 years. Nihon U. is major Japanese participant.

NEC will add 32" TV and introduce its first laserdisc player at CES.

Zenith adjusted its forecast for 1989 consumer electronics results "to reflect changes in financial reporting that result from the proposed sale of the company's computer business" to Groupe Bull of France (TVD Oct 9 p9). Zenith now expects consumer electronics segment to report "modest" operating loss for 1989, rather than profit as forecast earlier. Change comes about because of new definition of consumer electronics segment following sale of computer operation, spokesman said. Segment now includes some products, such as color monitors, that had been included with computer segment but are not included in sale of business, he said. New reporting system was reflected in Zenith Nov. 25 proxy statement on proposed sale (TVD Dec 4 p11).

Texas Instruments broke ground for 240,000-sq.-ft. R&D center near Tokyo. Research at facility will focus on semiconductors, devices and advanced materials for use in advanced consumer electronic products such as HDTV and computers. TI has HDTV receiver license from NHK (TVD Sept 18 p13). It didn't say when center is to be completed.

Circuit City net earnings rose 6.6% to record \$14.6 million in fiscal 3rd quarter ended Nov. 30 on 21% higher record sales of \$525.9 million. Same-store sales gained 2%. In first 9 months, net improved 7.7% to \$42.2 million on 21% higher sales of \$1.41 billion. Retailer opened 18 new stores in quarter.

THIS WEEK'S YEN RATE

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

MULTIPORT FOR ATV? Standard baseband connector for TV sets in HDTV age that could feed as many as 24 different analog and digital signals into receiver is being considered by EIA's ATV Multiport Receiver Subcommittee under Co-Chmn. Arpad Toth, Philips, and Joseph Donahue, Thomson.

Subcommittee's first report contains preliminary analysis of types of signals likely to be receivable by ATV set of future and possibility of standard Multiport system for both NTSC and ATV receiver. Among signals and services that sets of future may be called upon to accommodate, subcommittee indicated, are telecommunications, cable, satellite, high-speed data, VHF/UHF, digital audio, analog audio, digital data, slow digital data, personal computer link, remote control. Among "information channel" classifications identified by group: Standard NTSC audio and video, VCR/camera, ATV video and audio, slow-scan (amateur) TV, consumer electronics bus (CEBus), data channels, servo control, digital audio, professional and military, teletext and captioning, paging and quotations, VIR.

Meanwhile, interest appears to be reviving in existing Multiport standard, designed to accommodate baseband cable, pay programming and video in NTSC TV receivers. At Western Cable Show in Anaheim last week, EIA said sets with Multiport connectors were being offered now, or soon would be, by Curtis Mathes, GE, Panasonic/Prism, Quasar brands. EIA's booth had demonstration of Bang & Olufsen TV and associated VCR (TVD June 12 p15), both of which have Multiport; B&O's VCR is believed to be first with Multiport jack.

Jerrold, Scientific-Atlanta and Zenith promoted Multiport decoders in their booths. In other decoder products, Jerrold introduced combined remote control that turns on TV and cable converter with same button and sends channel-select signal to TV that matches output of cable box -- making certain that TV always "wakes up" on right channel. Harking back to Zenith's Spacephone, Jerrold showed prototype of cable converter remote that doubles as handset for cordless phone; when phone is activated, TV set's volume is muted. For other reports on Western Cable Show, see Broadcast/Cable Section.

Semiconductor business was flat in Nov., after improving in Oct., Semiconductor Industry Assn. (SIA) said. Trade group's preliminary book-to-bill ratio in Nov. was 0.93% (\$93 in new orders for every \$100 of products shipped), same as Oct. and up from revised 0.88% in Sept. Nov. chip billings totaled \$1.2 billion, down 3% from \$1.24 billion in Oct. but up 3.1% from \$1.16 billion in Nov. 1988. Average monthly orders for 3 months ended Nov. 30 were \$1.17 billion, down 1.8% from 3 months to Oct. 31 and up 2.2% from same year-earlier period. Oct. billings of \$1.24 billion were down 14.5% from Sept., but up 10.1% over Oct. 1988. Average monthly orders for 3 months ended Oct. 31 were \$1.19 billion, up 3.5% from 3 months to end of Sept. and up 7.1% in year.

First EIA audio sales data will be released Jan. 20, with monthly releases planned thereafter, spokeswoman said (TVD Oct 16 p12). First report will wrap up 1989 sales in portable audio, components and systems, aftermarket autosound and total industry dollar volume.

Konosuke Matsushita, founder of Matsushita Electric, left estate worth current equivalent of more than \$1.7 billion when he died last spring (TVD May 1 p18), largest on record in Japan.

POLLY PECK SPINOFF? Polly Peck International, London-based conglomerate that acquired 51% of Sansui (TVD Oct 30 p15 et seq.), is preparing to split into 3 separate companies, each devoted to one of PPI's 3 major businesses -- food, electronics and leisure -- Wall St. Journal reported last week from London. One each of resulting companies would be quoted on London, N.Y. and Tokyo stock exchanges.

Interview with PPI Chmn. Azil Nadir said "demerger" strategy would defend against possibility of takeover of company, whose "parts will be worth more individually than when taken as a whole." Nadir would be major shareholder in holding company that would control 3 resulting firms. Although no timetable was given, Nadir was quoted as saying demerger "will not be years ahead."

In Sept., PPI was split into 3 groups -- food, electronics, leisure. Last is headed by U.S.-based Norbert Wirsching, who also is chmn.-pres. of manufacturing subsidiary Capetronic Group (TVD Nov 27 p11).

PPI executives will hold 11-8 majority on new Sansui board, which will be introduced formally this week at special meeting of stockholders in Tokyo. Announcement is first corporate restructuring following PPI's recent purchase of 51% of Sansui for \$110 million (TVD Oct 30 p15).

Among 11 new board members is Tatsuya Inamiya, 30-year Toshiba veteran who already has been appointed Sansui exec. vp-COO. Wirsching, who is understood to be architect of recent deal, also will be on board. Among names mentioned for first time in Sansui connection are Capetronic Pres. S.H. Hwang and Hirohisa Kudo, who heads Capetronic factories in Japan. Present 8 Sansui board members will remain unchanged. Inamiya, who last served Toshiba as mgr. of TV, audio and VCR, is expected to play most prominent role in new Sansui product direction, which will be broadened to include VCR, facsimile and TV, in addition to audio.

Chinese govt. said it will take greater proportion of goods made by Chinese factories beginning in 1990 in attempt to gain more control of nation's economy. Under proposed plan, plants built with state funds must turn over specified quantities of products, in addition to paying taxes, Journal of Commerce reported. Manufacturing operations will be allowed to keep enough products to make profit, but govt. will direct sales of those in short supply. Action represents reversal of China's strategy to encourage profit-making production through liberal policies in recent years. Beijing govt. official warned "factories that fail to meet state quotas will have their supplies reduced and factory leaders will be disciplined." Meanwhile, China Ministry of Finance reported Nov. TV exports fell 24.4%, VCRs 24.1%, video cameras 12.1%.

Private Eye viewer shows up in new uses: Cyberspace, Norcross, Ga., will introduce laptop computer using eyepiece display developed by Reflection Technologies (TVD March 6 p12 et seq.). Selectronics reportedly will pack "bookshelf of information" into electronic book that can be carried in shirt pocket or clipped to belt and viewed through Private Eye.

Parker Bros. is latest Nintendo videogame software licensee, with first cartridge to be introduced at Winter Consumer Electronics Show in Las Vegas next month. Toy maker also plans to enter computer game software market with version of Trivial Pursuit for IBM and compatible personal computers.

RIVAL HOME BUS SYSTEMS: Philips and Matsushita agreed to jointly promote Philips-developed Domestic Digital Bus (D2B), standard for linking different brands of consumer electronics and appliances in "automated home." Companies will form U.K.-based joint venture, D2B Systems Inc., next summer to handle technological development and promotion of D2B. New firm also will be responsible for collecting licensing fees for use of standard and for assisting hardware manufacturers in implementing D2B into products.

D2B is data communications/control system for linking audio, video and other equipment in home. Matsushita said multibrand products it supports will be interconnected to function as one system, under control of user. Philips and Matsushita have developed special IC and connector for D2B and Philips plans to start selling color TVs and VCRs using D2B some time next year. Matsushita said Thomson Consumer Electronics and Sony have "recognized the quality of the standard" and agreed to "actively support and promote the standard."

D2B is compatible with other proposed home automation standards, including CEBus in U.S., Home Bus Systems in Japan and Esprit Home System in Europe, Matsushita said in release in Japan. But spokesman for EIA Consumer Electronics Group, which is working on development of CEBus standard, said compatibility with D2B "has not been proven yet. We can't confirm that it's compatible."

Two companies backing D2B "are firmly committed to support these [other] standards as well as future home automation standards." In demonstration of D2B in Japan, they showed how it works to control picture-in-picture feature of color TV set and one-button recording with VCR.

Video equipment sales bounced back in first week of Dec., following poor final week of Nov. (see State of the Industry). Direct-view color TV, home VCR and camcorders had huge increases and set records for week, which actually encompassed final 6 days of Nov. It was 2nd biggest weekly gain of year for total VCR, short of all-time weekly record sales in last week of Sept. Total color TV, direct-view color and camcorders surpassed 1988 full-year record totals in 2nd week of Dec., according to EIA, which will release those figures next week. Cumulative VCRs sold since 1975 are nearing 80 million mark, having surpassed 79 million in first week of Dec.

Ads & Promotions: Pioneer LDCA print ad campaign for laser videodisc software in 1990 will feature film director Bernardo Bertolucci... TDK has put its \$5-7 million ad account up for review, which it expects to complete by Feb., Wall St. Journal reported. Margeotes Fertitta & Weiss, N.Y., currently handles account... Samsung appoints Bozell, N.Y., as ad agency... Canon offers consumers free 20-page handbook on home video movie-making tips, through Jan. 31.

U.S. exports of electronic products rose 18% to \$47.8 billion in first 9 months of 1989, from \$40.5 billion in 1988, EIA said. In same period, electronics imports totaled \$57 billion, up 15.5% from \$50 billion. Electronics trade deficit of \$9.5 billion is about equal to deficit in first 9 months of 1988, EIA said.

Dutch Philips said it will split its Telecommunications & Information Technology Div. into 2 entities, one for communications products, other for computers and other information products. Philips said move, effective Jan. 1, will allow it to respond more quickly to marketplace changes.

MAX GRUNDIG DEAD: Max Grundig, 81, who introduced competitive mass-market TV sets in Germany through company bearing his name that became that country's No. 1 brand, died Dec. 8. He got start in 1930 as radio dealer in Fuerth, Germany. In 1946, he opened radio factory there, but since Allies didn't permit production of complete radios he delivered kits without tubes. Company became country's biggest producer of radios and first to make consumer tape recorders.

When TV came to Germany in 1953, Grundig became tough competitor with hotly promotional pricing. He tried many times -- unsuccessfully -- to enter U.S. TV market. (Grundig brand currently has small presence here through U.S. distributor Lextronix.) He also failed to set up production in Far East. He had major success in Europe with one exception: In 1980, jointly with Philips he backed Video 2000 VCR system, giving up 3 years later after Japan conquered European VCR market with VHS system, which Grundig and Philips were forced to adopt.

Grundig was particularly hard hit by imports, and 24.7% interest in company was acquired by Philips, which took over another 7% some years later. Max Grundig, with 6% of Philips stock, became Dutch giant's largest shareholder. Grundig Foundation now owns 68.5% of Grundig, remaining 31.5% held by Philips, which has taken over management of Grundig Group, in 1984 installing Hermanus Koning of Philips as gen. mgr. at time Grundig Group was deeply in red.

Max Grundig, who remained very rich man (getting some \$25 million annually from his Philips shares alone), financed deluxe hotels in Europe and bought castle in Baden-Baden, where he died. He's survived by 3rd wife.

HDTV NONCONSUMER PITCH: American Electronics Assn. (AEA) has completely changed emphasis of its high-definition campaign from consumer to industrial and military markets. Where its major pitch originally was importance of "building a new consumer electronics industry" (TVD Nov 28/88 p11 et seq.), its representatives now are saying that it has been misunderstood.

Continuing changeover that began when AEA changed name of its HDTV Task Force to HDS (for high-definition systems) Task Force, Vp Pat Hubbard told Flat Information Displays Conference in Santa Clara, Cal., last week that "commercial and military markets [for high-definition systems] are likely to be larger in the next 10 years than consumer applications." She said AEA had identified "17 technologies and 32 markets" that would grow from HDS.

Hubbard said AEA's crusade had gotten "poor press" and media misunderstood its proposal, which is for "cost-sharing, not a subsidy or handout." She said precedent had been set by govt. programs for clean coal technology, nuclear power, aviation, farming. Hubbard said U.S. has good chance of gaining leadership in HDS through work stations, market it dominates with 87.4% of world total. She warned that even though \$20 million extra has been voted for Defense Advanced Projects Agency (DARPA) HDTV programs, "if the government doesn't present a plan, the \$20 million won't be released to DARPA" citing anonymous report that said Dept. of Defense would announce it would "procure all flat-panel imaging technology, including HDS, from Japan."

Microwave oven shipments fell 14.7% to 957,600 in Oct. from Oct. 1988, AHAM said. Through first 10 months of 1989, shipments rose 0.2% to 8,621,900.

JAPAN CHIP PLAN: EIAJ proposed 10-point plan designed to boost foreign penetration of Japanese semiconductor market in latest attempt to diffuse U.S.-Japan chip trade conflict. Matsushita Pres. Akio Tanii, who also is EIAJ chmn., said "further major effort is required" for U.S. and Japan to settle long-standing trade dispute. U.S.-based Semiconductor Industry Assn. (SIA) board at meeting last week welcomed proposal as "significant contribution to achieving the objectives of the U.S.-Japan semiconductor agreement."

Japanese trade group, which estimates foreign share of Japan chip market has grown to 12% from 8.6% in 1986, in particular will assist small and medium-sized chip makers in entering Japanese market. EIAJ will act as liaison between U.S. producers and Japanese chip users, according to plan, which Japanese group submitted to SIA.

Ten points of program include measures for Japanese companies, such as releasing more detailed information on semiconductor requirements and considering foreign firms when designing new products that use semiconductors. EIAJ proposed that foreign companies share Japanese manufacturing plants and form technical alliances to gain better understanding of Japanese product development.

SIA said program "consists of the kinds of action needed if substantial participation in the Japanese market envisioned by the [semiconductor] agreement is to take place... The measures taken and planned indicate that the consultations between the U.S. and Japanese governments and industries are gradually being translated into activities which can remove an area of serious contention" between countries. SIA says 1986 U.S.-Japan pact calls for 20% minimum market share for U.S. suppliers there, while Japanese trade officials deny agreement contains any guaranteed market share.

Educational laser videodisc software titles available will double to more than 700 in next few months, Pioneer said, following recent agreements company signed with educational publishers. Under pacts with Encyclopaedia Britannica, AIMS Media and American School Publisher, educational programs will be produced on 12" laser discs pressed by Pioneer.

Czechoslovakia's consumer prices, as given by Advertising Age: Sony 19" color TV \$740, Soviet-made 25" color set \$423, Sony Walkman \$31. But 4-door Skoda hatchback, about size and shape of VW Rabbit, is only \$2,543, cup of coffee 8¢, liter of milk 9¢. Prices are based on unofficial exchange rate of 35 crowns to \$1.

Newmark & Lewis expects to post huge loss in 3rd quarter, but looks for profit in first 9 months and profitable final quarter if strong Nov. sales continue into Dec., company told analysts' meeting in N.Y. Consumer demand fell in late summer and early fall, cutting into 3rd-quarter profits.

Sony's U.S. laserdisc player sales in 1989 will total just over 20,000, according to newspaper Nikkei Sangyo, as compared with more than 100,000 for Pioneer, which has 70% of 150,000-unit market here. Sony and Pioneer hope to double their U.S. LD player sales next year, article says.

Amstrad Chmn. Alan Sugar told shareholders in U.K. he doesn't plan to take personal computer maker private. In Oct., he had threatened to make Amstrad private company if its shares weren't rated higher.

COMMTRON REPORTS: National distributor Commtron, reporting 2.5% decline in fiscal first-quarter net income to \$3.1 million on 2.7% increase in sales to \$173.5 million, said consumer electronics sales fell 13% to \$27 million. Drop in hardware sales was offset by 7% gain in home video software sales to \$147 million.

Heavier mix of sellthrough titles in Sept.-Nov. period caused slight decline in gross margins, company reported. However, distributor said lower margins from competitively priced releases were offset by "higher interest income from improved asset management," and expressed confidence that it could meet "challenge" of maturing home video market. Commtron said it had "strong increase" in sellthrough titles but rental titles dipped slightly. "This was due to an industry shift toward more sellthrough titles, which resulted in less buying of rental product by the retailer," it said.

Company's 1989 annual report cited increases of 94% in office electronics sales, 68% in computer hardware, 18% in cellular phones, offsetting 10% drop in entertainment electronics. Report said Commtron's customer mix for electronics has shifted somewhat to larger regional and national chains, from small electronics stores and video retailers. Company said sales of its Colt private-label brand increased 212%, led by Colt Moviewalker portable videocassette player. Company plans to have full line of Colt cellular phones

Report listed several new projects in home video: (1) Test of in-store terminal allowing dealers to access and order catalog inventory for consumers. (2) Test of grocery store rackjobbing program for sellthrough titles. (3) Training specialized sales team to service rental operations in mass-market grocery chains. (4) Development of rental-ready packaging services.

Top advertisers in non-U.S. media, according to Advertising Age tabulation, include Matsushita (No. 5), Hitachi (17), NEC (21), Toshiba (24), Sharp (35), with no other electronics manufacturers in top 50. Greatest concentration of electronics ads is in Beijing's Chinese language People's Daily, official govt. newspaper, where Panasonic, Sharp and Sanyo are top worldwide advertisers, Ad Age said.

Modest growth is predicted for "all levels" of electronics industry in 1990 in Dataquest study for Semiconductor Equipment & Materials International (SEMI). Electronic equipment manufacturers estimate 7% growth in sales, semiconductor device makers 3%, semiconductor equipment suppliers 5%.

Lucky-Goldstar has opened new U.S. hq at 1000 Sylvan Ave., Englewood Cliffs, N.J., 201-816-2000. Among Korean company's operations with hq at new building is Goldstar Electronics International, U.S. consumer electronics sales and marketing subsidiary.

Combination 8mm-6" TV is advertised in Japanese trade publications by Korea's Huengyang, presumably in bid for OEM customers. As described in ad, set has 6" picture tube, up/down tuning with on-screen display, single-speed (120 min.) recording and playback.

Bose acquired Express Music Catalog, mail-order music company, for undisclosed amount. Catalog includes 100,000 record, tape, Compact Disc and music video listings that can be ordered over toll-free number.



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Dec. 19 is last day FTC will accept written comments from public on Magnavox petition to modify 1971 FTC order by easing restrictions on company's distribution practices for consumer electronics products (TVD Jan 16 p14). Order was settlement of charges that Magnavox restrained competition by setting prices of its retail dealers and imposing other, nonprice restraints.

NARDA/NASD annual convention March 11-14 in Nashville will feature Thomson Consumer Electronics Sales & Mktg. Pres. Martin Holleran, who will discuss "Why the Independent Should Stay in the Consumer Electronics Business." Details: William Glasgow, Show Management, 16066 S. Park Ave., South Holland, Ill. 60473, 708-333-9292.

Philips' China production of optical discs and players (CD and laserdisc) will start in 1990, company said at Eindhoven hq last week in response to our question. Joint venture plant in Shenzhen is expected to concentrate on exports (TVD Nov 27 p14). Philips said it could give "no further details" now.

Obituary

Thomas Nelson, 53, Best Buy communications and administrative officer, died of heart attack Nov. 26.

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
Commtron 1989-qtr. to Nov. 30 1988-qtr. to Nov. 30	173,495,000 168,973,000	3,088,000 3,013,000	.30 .30
General Instrument 1989-39 wk. to Nov. 26 1988-39 wk. to Nov. 27	1,026,142,000 975,959,000	77,228,000 64,908,000	2.49 ^a 1.94
1989-13 wk. to Nov. 26 1988-13 wk. to Nov. 27	340,548,000 359,312,000	21,771,000 21,883,000	.80 .65
Highland Superstores 1989-9 mo. to Oct. 31 1988-9 mo. to Oct. 31	607,995,000 594,849,000	(9,624,000) 2,867,000	-- .16
1989-qtr. to Oct. 31 1988-qtr. to Oct. 31	212,985,000 205,232,000	1,560,000 902,000	.09 .05
Home Shopping Network 1989-qtr. to Nov. 30 1988-qtr. to Nov. 30	255,200,000 200,600,000	20,200,000 10,900,000	.21 ^a .12 ^a
National Semiconductor 1989-26 wk. to Nov. 26 1988-26 wk. to Nov. 27	814,400,000 849,500,000	(19,500,000) (55,700,000)	-- -- ^b
1989-13 wk. to Nov. 26 1988-13 wk. to Nov. 27	416,800,000 404,600,000	2,400,000 (25,200,000)	-- -- ^b
Spelling Entertainment 1989-qtr. to Oct. 31 1988-qtr. to Oct. 31	38,145,000 12,187,000	1,988,000 3,016,000	.05 .16
Texscan 1989-6 mo. to Oct. 31 1988-6 mo. to Oct. 31	23,633,000 24,877,000	574,000 (317,000)	.05 -- ^a
1989-qtr. to Oct. 31 1988-qtr. to Oct. 31	12,483,000 12,653,000	435,000 77,000	.04 .01 ^b

Notes: ^aIncludes special credit. ^bRestated.

Consumer Electronics Personals

Jay Yancy, ex-Goodtimes Home Video and Toshiba, joins ToteVision as exec. sales and mktg. vp, new position... Gary Vicari resigns as Sanyo Fisher mktg. mgr. 2 months after joining firm from Olympus, plans not announced... Allan Wallace, ex-Hitachi and Sanyo, named KLH sales and mktg. vp; Ronald Silva, who directed KLH special projects, promoted to vp, sellthrough operations... Additions at Sega America: Michael Katz, ex-Atari, as COO; Paul Rioux, ex-Mattel, as vp... Roger Sullivan, ex-Wang, joins BIS CAP International as vp, image management systems consulting and research services... Advanced to Motorola sector pres.-gen. mgrs., continuing as exec. vps: Arthur Sundry, Communications Sector; James Norling, Semiconductor Products; Edward Staiano, General Systems.

Robert Hurley, Express Music Catalog founder, named Bose catalog gen. mgr. following Bose acquisition of mail-order music firm... Frank Hennessey resigns as Handleman pres. and dir.; Chmn. David Handleman assumes CEO duties temporarily... MCEG Pres. Charles Weber to return to consultant status Jan. 15; adding COO responsibilities for 4 operating units: Virgin Vision Pres. Steve Bickel and Exec. Distribution Vp Michael Bisio, domestic film and video distribution; Virgin Vision Managing Dir. Michael Watts, international distribution; Senior Exec. Vp-Motion Pictures and Talent William Tennant, production and talent management; International Production Resources Pres. Stuart Rekant, financial services... Kevin Vogler promoted to Sight & Sound Distributors operations vp.

TELEVISION DIGEST

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

With Consumer Electronics

DECEMBER 25, 1989

VOL. 29, NO. 52

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

INOUE TAPPED to offer 'if-carry, must-pay' bill. Senate Communications Subcommittee chmn. reportedly tells CBS's Tisch he will introduce bill if industry agrees on it. CBS head discusses future of free TV with FCC. (P. 1)

DINGELL QUESTIONS FCC on licensee character policy. Raises possibility that Commission is lax on criminal owners, needs reassessment. (P. 2)

MPAA, NCTA TREASURIES FAT: Both showed strong surpluses in last fiscal year. Salaries at both remain higher than broadcasters' -- Valenti was paid \$645,687, Mooney \$376,966. (P. 3)

FINSYN DELAY DEBATED: Valenti says talks could be finished 'in about 48 hours' if networks were willing, but networks blame producers. Sides are to meet again in mid-Feb. (P. 3)

PACTEL SEEKS DOJ OKAY to buy into Chicago cable. Teleo says there's 'no realistic chance' or incentive for cross-subsidy. NCTA still opposes telco entry. (P. 4)

NAB SEEKS BIGGER AM BAND: Response to Sikes' queries says stations have little opportunity to improve plant. Solution includes wider band, 'homesteading.' (P. 4)

CUBANS THREATEN ACTION: U.S. govt.-broadcast delegation finds Havana opposed to TV Marti, with retaliation against U.S. stations again threatened. (P. 5)

INOUE TAPPED FOR 'IF-CARRY, MUST-PAY' BILL: Senate Communications Subcommittee Chmn. Inouye (D-Hawaii) is said to have told CBS Pres. Laurence Tisch last week that he would introduce legislation as "courtesy" to require cable systems to pay broadcasters for off-air signals if TV industry gets solidly behind proposal. And efforts were under way later to do just that. INTV board will take up subject at Jan. 3-6 convention in L.A., as will NAB TV board at Jan. 15 meeting in Rancho Mirage, Cal.

Proposal, being called variously "must-carry, must-pay" and/or "if-carry, shall-pay," would require cable systems to reimburse broadcasters for off-air signals they carry. NAB Cable Carriage Task Force has made issue top priority. Cable industry policy generally and must-carry in particular also are among highest priorities in 1990 for House and Senate Commerce Committees.

CBS refused to comment on session with Inouye, saying only that Tisch and other network officials met with senator and others in Washington "on a variety of subjects... We don't comment on those meetings." Other industry sources confirmed gist of Inouye-Tisch conversation. Among "others" Tisch met were FCC commissioners -- where major subject was safeguarding free TV, with financial interest and syndication also

Consumer Electronics

HITACHI TUBE PLANT expected to be in Greenville, S.C., opening in spring 1991, with annual capacity of million per year at cost of \$100 million. (P. 9)

RETAIL SALES GOOD in Nov., Early Warning Report reveals, with color TV up 3%, camcorders 18%, projection up for 3rd month, CDs players star. (P. 9)

DAT RECORDERS DUE in late spring, Japanese report says. MITI denies banning marketing talk at CES, but embargo still is expected to be seamless. (P. 10)

LITTLE GROWTH SEEN by industry in 1990 in our annual survey. Eroding prices and stagnant profits are expected in somber forecast. IDTV to become product. (P. 10)

N.Y. STATE SUES SEARS, charging 'everyday low prices' don't represent reduction. 'Regular' prices cited as fiction. Sears denies charges. (P. 12)

SOUND MAVICA still video camera introduced by Sony at \$850, as silent version is reduced \$200. (P. 12)

ZENITH FORECASTS 'healthy' 1990 for industry even if economy turns down. McCarthy sees sales remaining at 1989's high level, stability in prices. (P. 13)

EIA SEES 3% GROWTH in U.S. factory electronics sales in 1990 after 5.5% increase in 1989. Consumer electronics sales plus imports seen rising 3.9%. (P. 13)

discussed. Tisch and his group also toured TV facilities at Gannett hq, where canceled U.S.A. Today on TV has been produced.

Must-pay/must-carry would have only slim chance of passage in Congress, particularly if consumers are made aware that fees cable operators have to pay broadcasters would be likely to be added to cable bills, CATA Pres. Stephen Effros said. He said cable industry certainly would mount campaign to make sure consumers know bills would increase. Since it has been difficult to get must-carry proposals approved by courts, he said, it almost certainly would be nearly impossible to have must-pay/must-carry okayed.

Spectrum fees would be next logical step if must-pay/must-carry clears congressional and court hurdles, Effros said: "It's the logical quid pro quo. I think the country will learn a lot about spectrum fees in the near future." When asked if that was threat, Effros replied: "No, it's a promise." Broadcasters actually could suffer from must-pay/must-carry, he warned, because cable operators could set up own stations as alternative to carrying any broadcast signals.

Effros's skepticism was echoed by Capitol Hill sources who cited hurdles that any signal levies paid -- whether taxes, royalties or user charges -- would have to scale. They said proposals could stir jurisdictional dispute among committees potentially involving House Judiciary or Ways & Means Committees, which could slow or even kill legislation in end. Officials of NCTA and INTV weren't available for comment.

FCC CHARACTER POLICY BOTHERING DINGELL: FCC came under pressure last week from House Commerce Committee Chmn. Dingell (D-Mich.) to reassess character qualifications policy for broadcast licensees. He suggested that policy contains holes, or that FCC considers convicted murderers and other felons viable candidates for licenses. "Current Commission policy may be too lax," he said in 6-page Dec. 18 letter to FCC Chmn. Sikes. Letter presents detailed review of agency policy, with Dingell repeatedly questioning what he saw as flaws in FCC's approach.

For example, Dingell noted that while FCC's character policy statement issued in 1985 and revised in 1986 and 1989 mentions that perjury, criminal fraud and embezzlement are crimes that could disqualify applicant, homicides apparently wouldn't count against potential licensee: "Do I correctly understand Commission policy to be that it does not ordinarily consider crimes of violence to be potentially disqualifying?"

Rest of questions take similar tone: "Do I correctly understand Commission policy to be that the Commission will permit an applicant to buy or sell a broadcast license while its principal is awaiting trial on felony drug trafficking charges... ?" "Do I correctly understand that... disqualifying misconduct at one station is not presumptive of misconduct with respect to the others" of multiple station owner? On plea bargains: "Am I correct that the Commission never considers entry into a civil consent decree to be even potentially disqualifying in and of itself, even when the consent decree is based on stipulated facts involving drug trafficking?" Also in drug and payola cases: "Do I correctly understand Commission policy to be that the Commission does not consider evidence of disqualifying felonies... if the individual is granted criminal immunity, or is not prosecuted [or] pleads guilty" to lesser crime?

Dingell also raised possibility that FCC's 1989 revisions to policy, to make it conform with new drug-fighting law, were too narrow. "I am certain that you did not intend to suggest that [the] Commission also considers those who have accepted or condoned payola which is unrelated to drugs to have... violated the public trust," he wrote. "However, I am not sure that Commission policy is sufficiently vigorous in this regard."

Letter was designed to spur FCC reexamination of renewal policy with eye toward closing loopholes that Dingell saw, said aide to lawmaker. Dingell gave FCC until Jan. 23, when Congress reconvenes, to answer questions.

Women news dirs. at TV stations reached 18% in 1988 -- up from less than 1% in 1972, 8% in 1980, 15% in 1987 -- according to RTNDA survey. On radio side, 26% of news dirs. were women in 1988, up from 24% in year, RTNDA said. Compared with male counterparts, female news dirs. typically were younger, hadn't been in their jobs as long and were paid lower salaries, said survey, conducted for RTNDA by Vernon Stone, U. of Mo. journalism prof.

CBS News has asked for official U.S. help in finding and obtaining release of producer Jon Meyersohn, who was seized by gunmen in Panama City Dec. 20, along with ABC News producer Robert Campos and hotel Mgr. Daniel Sarria. Campos was released same day; Meyersohn, who is married to ABC News Producer Julie Hartenstein, and Sarria still are missing. CBS Pres. Laurence Tisch called White House seeking help in finding Meyersohn.

MPAA, NCTA TREASURIES FAT: NCTA and MPAA ended 1988 fiscal year in much better shape financially than year earlier, according to IRS returns filed this month. Returns show MPAA ended year with \$3.6 million in bank, compared with \$1.9 million year ago. NCTA reserve also grew -- it took in \$1.2 million more than it spent in fiscal 1988, compared with surplus of only \$6,042 at end of 1987.

Executive salaries remain higher at MPAA and NCTA than at broadcast counterparts. MPAA Pres. Jack Valenti continued to lead salary sweepstakes with \$645,687 in 1988, up about 2% over previous year, and NCTA Pres. James Mooney was paid \$376,966. NAB Pres. Edward Fritts received \$263,312, INTV Pres. Preston Padden \$202,908 for fiscal 1988 (TVD July 10 p4).

Mooney's salary is drop from last year's \$558,813, which apparently included large amount of deferred compensation paid in first year of 5-year contract (TVD Dec 26/88 p4). Spokesman said 1987 pay was result of "complex multiyear package with different results in different years." Since Mooney was paid \$308,672 in 1986, 1988 figure appears to represent slightly more than 10% annual increase of base salary for each of 2 years. His salary is only one detailed in NCTA report, although total salaries for Assn. were up 13% to \$3.4 million.

Salaries aren't always complete story of officials' compensation. Often, executives benefit substantially in transactions and benefits -- such as cars, country club memberships -- not labeled "salaries." These aren't generally disclosed.

Overall NCTA budget jumped almost 43% to \$15.4 million in fiscal year ended Jan. 31, 1988, from 1987. Most of increase was result of passthrough of revenues and expenses from National Academy of Cable Programming, which previously had been accounted for separately. Academy had \$3.1 million revenues and \$3.028 million expenses, primarily for ACE awards. NCTA dues income grew to \$8.3 million in 1988, from \$6.5 million, mostly because of \$1.2 million rise in programmer dues (TVD Nov 23/87 p2). Members also approved 15% dues surcharge to help fight telco entry into cable, taking effect in 4th quarter. Convention revenues were up to \$2.9 million from \$2.4 million.

At MPAA, even Exec. Vp Myron Karlin earned more than top broadcast association executives -- \$369,929, up from \$272,500 in 1987. Executive salaries totaled \$2.2 million, including Exec. Vp William Mix, \$115,000; Exec. Vp Norman Alterman, \$106,999; Exec. Vp Walter Josiah, \$100,038; Exec. Vp Simon Barsky, \$85,599; Exec. Vp Fritz Attaway, \$80,000. Nine vps earned \$60,940-\$101,199.

MPAA revenues gained 9.7% to \$24.9 million for year ended Dec. 31, 1988, as expenses dipped 3% to \$23.2 million (Assn. had \$1.3 million deficit in 1987). Revenues included \$22.9 million dues and \$1.8 million from program services. Lobbying costs were down to \$381,484 from \$428,373. Major expenses included \$7.8 million for foreign film security offices, which combat piracy, and \$1.3 million for film piracy investigations. MPAA spent \$1.4 million on legal fees, \$1.1 million for "occupancy" expenses.

FCC processing of applications for sale of FM stations has been transferred from Audio Div. to Video Div. of Mass Media Bureau. Move was made to release staffers to expedite applications for new FM stations, about 2,400 of which now are pending, Bureau Chief Roy Stewart said.

FINSYN DELAY DEBATED: Financial interest and syndication (finsyn) negotiations could be concluded "in about 48 hours" if networks were willing to make deal, MPAA Pres. Jack Valenti told us. Network officials countered that MPAA has been unwilling to move on issue. Sides are to meet again in mid-Feb. in long-running negotiations on whether networks should get right to own more of TV programming they air.

Valenti appeared to place blame for continued failure of networks and program producers to reach agreement squarely on shoulders of networks: "I am troubled by the fact that there seems to be no urgency on the part of the networks. I think they believe that if they stall, the FCC will take this up. They think that they can win it all, so why compromise?" Valenti said program producers, represented by MPAA, have presented 2 different proposals for ending impasse, although Assn. has agreed not to provide details. Note: Producers are known to have on table proposal to permit networks to own up to 25% of program -- once up-front costs have been recouped, with most of those costs supplied by networks. Networks are seeking finsyn interests in 11 of 22 hours of weekly prime-time programming aired by each network (TVD Dec 11 p6).

Valenti said it would be "unacceptable" for FCC to impose solution, although he doesn't believe Commission would rule in networks' favor. Victory for networks would return them to dominant position they held before finsyn rules, he said, and he doesn't think FCC would want that because that would mean independent producers could be "intimidated" and "terrorized" by networks.

"Valenti can say what he wants but the studios really haven't moved," network official told us. Another said "he [Valenti] always says that... There are serious and important issues to be resolved and they're not going to be resolved in 48 hours." Said 3rd network: "That's nonsense... We can always make a deal if we accept Jack's terms." Networks said they're interested in making deal and Valenti's comments don't represent "the tone of the negotiations."

FCC expects to implement higher regulatory fees within 5 months, agency announced Dec. 21. Higher fees became law 2 days earlier when President Bush signed budget reconciliation legislation (P.L. 101-239). Commission said it first must conduct rulemaking. Congress raised minimum filing fee to \$35 and other charges by far larger amounts. New fees also were levied for common carrier audits, radio operator licenses, ship inspections, call sign changes, ownership reports, other filings.

Broadcast Transactions: MT Communications bought WETO (Ch. 39) Greeneville, Tenn., from E. Tennessee Bestg. for undisclosed price. WETO will be MT's 3rd Fox affiliate; company plans to change call letters to WEMT... Booth American is acquiring WWWE(AM) Cleveland from Independent Group in swap for WRM(R)AM) Cleveland and undisclosed amount of cash. Broker: R.C. Crisler.

FCC has fined WOWW(FM) Pensacola \$18,000 for "repeated failure to comply" with Commission's equal employment opportunity (EEO) rules. At same time, agency conditionally renewed station's license (subject to EEO reporting conditions) and approved its sale to Sun Media Inc.

Wilmer, Cutler & Pickering law firm establishes European office: Rue de la Loi 15, B-1040 Brussels, Belgium, phone 011-322-231-0903 -- John Harwood resident partner.

PACTEL SEEKS DoJ OKAY: In filing expected since summer, Pacific Telesis formally asked Justice Dept. last week to recommend waiver of Modified Final Judgment (MFJ) so it could buy 68% of Group W cable franchises in Chicago (TVD April 24 p9). Waiver would allow PacTel to provide cable programming and other services, including local originations and video production.

Prime Cable and TransAmerica would buy Group W systems for \$198 million, with Prime holding 32% and TransAmerica balance. If PacTel doesn't obtain waiver, Prime would have right of first refusal. In April announcement, PacTel said it expected to file waiver request in summer, but spokeswoman Diane Olberg said action was delayed because company wanted to get permission of Group W's limited partners, process that didn't end until this month.

NCTA refused immediate comment on PacTel move, saying it hadn't seen copy of request, but spokesman pointed out its board had voted to take strong stand against all telco entry into cable. Even though Group W is member of NCTA, Group W official said firm supports telco entry into cable as long as it's outside telco's service area. If deal is consummated, it will mark Group W's departure from cable business.

PacTel noted Chicago has access to 13 over-air TV channels and cable market is "heavily regulated" under federal and city laws. It said that because cable franchises are in Chicago it would have "no realistic ability" to impair competition, to cross-subsidize Chicago cable business or harm Cal. or Nev. customers of its telephone companies: "It is unreasonable to expect that Pacific's executive officers would approve a scheme of cross-subsidization in which Pacific could only hope to recoup 68% of each dollar allocated."

As it has in other MFJ proceedings, PacTel advanced First Amendment as another reason for granting waiver: "Where, as here, Pacific's entry into the cable business will be geographically isolated from its telephone franchises, First Amendment values support Pacific's entry into the Chicago cable business."

NAB task force on possible reestablishment of code of program standards still is looking into "legal and political implications," we're told, following meeting of attorneys earlier this month. CBS is said to be in favor, ABC opposed, and NBC has taken no position. Idea has been floated that networks start individual codes, seeking major PR benefits -- concept CBS doesn't like. Task force hasn't yet explored in depth antitrust implications of new code (antitrust lawyer attended meeting) in light of fact original codes were ruled illegal several years ago. Justice Dept. also hasn't been approached on possible antitrust exemption. Several members of Congress and FCC Chmn. Sikes have urged industry to reestablish voluntary code.

Compression Labs will develop videophone and HDTV codec for PaineWebber R&D Partners under \$11 million agreement. Deal provides PaineWebber with technology licensing and royalties on products to be developed. Investment firm also will receive warrants to purchase up to 700,000 shares of Compression. Latter, based in San Jose, will develop low-cost videophone for interactive and full-motion video over standard phone lines. HDTV codec will facilitate "the crucial task of transmitting HDTV signals which are 10 times more bandwidth-intensive than ordinary television signals," Compression Labs said.

NAB RESPONDS TO SIKES: "Tight packing of AM stations as a result of decades of FCC policy... has left little opportunity for AM stations to improve and expand their facilities," NAB Radio Chmn. William Sanders said. Responding to questions submitted by FCC Chmn. Sikes following Nov. 16 Commission hearing on AM improvements (TVD Nov 20 p8), Sanders said problem can be cured with expansion of AM band if Commission adopts policy of "homesteading" existing stations -- allowing them to operate temporarily on new and old frequencies until wider band receivers are on market in large numbers. Also in answer to Sikes' questions, NAB Exec. Vp-Operations John Abel called for "government/industry partnership" to improve AM's fate, citing steps industry already has taken.

Sanders wrote that broadcasters, receiver manufacturers and public "all have suffered as a result of the Commission's failure... to adopt a clear single-system" AM stereo standard. Abel pointed out that 650 AM stations (12.8% of those operating) have upgraded to AM stereo at about \$20,000 each (\$13 million total) and that -- as NAB is urging -- if remaining stations add stereo, cost will be \$90 million. He said NAB has spent \$570,000 seeking improvement in AM -- including experimental antenna development, NRSC standards, AM "superreceiver."

AM broadcasters will invest heavily in upgrading stations when Congress, FCC and receiver makers take "positive action," Sanders wrote Sikes: "I have no doubt that our industry will respond -- with enthusiasm as well as dollars -- to improvement opportunities that I hope will be realities in the early 1990s."

Abel said 2,500 AM stations also have spent \$2.5 million to upgrade to NRSC standards -- adopted by FCC at request of NAB -- and another \$2.5 million will be invested as other stations upgrade. He said NAB can and "will do more" to help AM "but there is only so much useful activity we can engage in without accompanying changes in FCC technical regulations."

RTNDA has shifted 1992 convention from Dec. in Miami Beach to Sept. 23-26 in San Antonio -- site of 1984 convention. Assn. said suitable dates weren't available in Miami Beach. Board also voted to hold all future conventions in Sept. to improve "administrative planning... by creating a standardized annual cycle." In past, convention has been held in Dec. every presidential election year under theory that news dirs. needed to be working on campaign coverage. Board approved record budget of \$1.9 million for year starting Jan. 1, up from \$1.8 million.

Top sports officials and TV executives are among speakers at International Sport Summit conference Jan. 18-19, N.Y. Grand Hyatt. Speakers include: Josep Miguel Abad, CEO, 1992 Barcelona Olympic Organizing Committee; Un Yong Kim, pres., International Olympic Committee's TV Commission; Robert Wussler, pres., Comsat Video Enterprises; William Grimes, CEO, Univision Holdings; Rex Lardner, senior exec. vp, Turner Bestg.; Bob Gutkowski, exec. vp, Madison Sq. Garden Communications Group. Details: 212-239-1061.

U.S. Dist. Judge Robert Hall in Atlanta has awarded NBC-TV and its affiliates \$100,000 for copyright violations by Satellite Bestg. Network (SBN), which carried NBC affiliate WXIA-TV Atlanta, along with ABC and CBS affiliates, on cable network to underserved areas. WXIA-TV owner Gannett also had sued SBN, settled for undisclosed amount. Still pending in court is whether SBN should be required to pay legal fees of NBC and its affiliates.

CUBANS THREATEN ACTION: Cuban govt. reiterated threats to retaliate against TV Marti in meetings last week with delegation of U.S. broadcast executives, Rep. Swift (D-Wash.) and several House aides, lawmaker told us. He said he believes Cubans could make good on threats.

Swift's comments came after 4-day visit last week to Cuba where delegation met with top official of Central Committee of Cuban Communist Party, ministers of communications and of education, deputy foreign affairs minister and others, and toured govt. broadcast facilities. Trip was designed for fact gathering, not negotiating. Delegation was composed largely of TV Marti opponents. Swift said Cubans described planned U.S. service in militaristic terms, reflecting apparent depth of their concerns. He said it appeared that radio interference could pose real threat to American AMs.

TV Marti testing has been delayed until at least late Jan., when signal will be beamed from Washington to satellite receiver on Cudjoe Key off Fla. coast, microwaved to Air Force balloon tethered 10,000 ft. in air. Balloon will carry receiver, transmitter and antenna to beam signal 100 miles to Havana. Swift said he remains concerned about TV Marti's configuration and believes interference is live issue. Testing was required by Congress; at end, President Bush will have to certify that setup is viable and that transmitter causes no major adverse effects before TV Marti can become permanent.

Also on trip: Swift aide Scott Cooper; Terry Haines and David Leach, key Republican and Democratic aides, respectively, of House Commerce Committee; broadcast industry executives William Bowman, chmn.-elect, Fla. Assn. of Bcstrs. and pres.-gen. mgr.-WPAP(FM) Panama City; Terese Collins, representing WFLA-TV Tampa; William Loveless, dir. of engineering, Bonneville International; Douglas Shull, pres.-gen. mgr., WFOY(AM)-WUVU(FM) St. Augustine; Wayne Vriesman, pres., Clear Channel Best. Service and vp-WGN Radio, Chicago.

TvB will host retail marketing workshop -- "Building Better Retail Partnerships" -- Jan. 31, Marriott Downtown Hotel, Chicago, in conjunction with annual Retail Advertising Conference. "This will be a high-impact retail marketing seminar that will give stations insights and knowledge that can immediately be put to use," said Robert Lerew, TvB dir.-mktg. development. Participants will include Barry Klein, head of Klein & Co.; William McDonald, pres., Metier Marketing; Phil Faris, pres., Phil Faris Assoc.; Wendell Ensey, senior vp-sales promotion, J.W. Robinson's in L.A. and Bon Marche in Seattle. Registration is \$225. Details: Natalie O'Connell, 212-486-1111.

WTVS (PBS) and **WXYZ-TV (ABC)** Detroit jointly will produce series of half-hour documentary specials to air on both stations next year, their 2nd such arrangement. **WXYZ-TV** already carries **WTVS**-produced youth series Club Connect. First installment of new project, Second Ave., will focus on Martin Luther King's 1968 visit to affluent Detroit suburb several weeks before his assassination.

Cable rate increases continued to trail inflation nationwide in Nov., remaining unchanged from Oct., according to Consumer Price Index released Dec. 19 by Bureau of Labor Statistics. Consumer prices in general inched up 0.2% from Oct. to Nov. Statistics showed cable prices were up 2.1% for first 11 months, less than half of overall consumer increase of 4.5%.

NAB FIRMING PLANS: President Bush is a maybe and ex-President Carter is signed for March 31-April 3 NAB convention in Atlanta. If both show, they will appear closing night during presentation of Peabody Awards, overseen by U. of Ga. School of Journalism. White House official said it has "penciled in" date on President's schedule but commitment to Peabody dinner isn't firm. Carter will present one of awards.

Also firm for convention is first-ever NAB panel featuring 3 network CEOs -- Thomas Murphy of Cap/ABC, Laurence Tisch of CBS, Robert Wright of NBC. They will appear immediately after maiden speech of Alfred Sikes as new FCC chmn. Also on agenda is customary panel featuring other FCC commissioners.

Called TV's "premiere honor" for programming, Peabody Awards historically are presented at spring lunch in N.Y. sponsored by Best. Pioneers. However, with NAB 1990 convention in Atlanta for first time, and with its being Peabody's 50th anniversary, sponsoring U. of Ga. wanted to hold ceremony in conjunction with NAB. Black-tie dinner will cost \$135 per plate. U. of Ga. said Pioneers will sponsor awards dinner again starting in 1991.

Meanwhile, NAB tentatively has lined up 11 members of Congress to participate in Jan. 12-13 legislative forum in Rancho Mirage, Cal. -- just before annual winter board meetings. Topics to be discussed include telco-cable, cable deregulation, federal budget, NAB's legislative agenda, potential restriction on beer and wine ads. Scheduled to participate: House Minority Leader Michel (R-Ill.), House Ways & Means Committee Chmn. Rostenkowski (D-Ill.), Sens. McClure (R-Ida.) and Burns (R-Mont.), and Reps. Bryant (D-Tex.), Carr (D-Mich.), Delay (R-Tex.), Luken (D-O.), Moorhead (R-Cal.), Rinaldo (R-N.J.), Rogers (R-Ky.).

Cable Transactions: Cablevision Systems agreed to buy Gateway Cable, with 40,000 subscribers in Newark and S. Orange, N.J., from Gilbert Media Assoc. for \$102.5 million. System is near Cablevision's Bayonne and Bergen County, N.J., systems. Broker: Waller... Centel sold its last cable properties, in southeast Fla., and stock of Centel Cable TV to Adelphia Communications for \$310 million. Cable properties, which originally had 600,000 customers, were sold for \$1.4 billion, providing Centel with net proceeds of \$750 million and after-tax gain of \$440 million... **Falcon Cable Systems** agreed to buy system in Coos Bay, Ore., with 11,850 subscribers from Warner Cable. Falcon partnership owns adjacent systems... **Halcyon Communications** completed acquisition of cable systems in Ark. from Westark Cable Systems. Four of systems have total of 2,650 subscribers, 5th is nearing completion. Deal is first for newly formed Halcyon, and Chmn. Ed Drake said company is looking for more... **WestMarc** said it will complete merger with TCI after end of year... **Wometco Cable** bought system with 200 subscribers in Gwinnett County, Ga., from Activision Corp. Broker: CEA.

FCC staff may have "overinterpreted" Commission guidelines on permissible underwriting credits in citing Cincinnati public radio station recently for 6 violations, Comr. Quello said. He predicted Complaints & Investigations Branch, on reconsideration request from WVXU(FM), would cite station for prohibited use of "discount" phrase but absolve it on 5 other counts. Some attorneys with public broadcasting clients had expressed concern that Branch's admonishment threatened 5-year-old liberalized credit guidelines.

STONES PPV TRAILS WRESTLING: Pay-per-view (PPV) concert by Rolling Stones is likely to draw mixed reviews from cable operators and promoters, regardless of quality of music. Early returns indicate average buy rates of 1.5-2%, at \$24.95, although figures are very preliminary and replays of concert could affect final rates. Figure would probably make concert one of most successful PPV music programs in history, but still would leave it trailing far behind most wrestling and boxing events.

Concert was considered key test of ability of musical events to draw adequate audiences for PPV, several PPV officials said. Largest previous musical PPV event generated only about 20% of PPV revenue of some sports events. "If a Stones pay-per-view concert can't be successful, you have to ask yourself if anything can be," one PPV official told us.

Showtime Event TV (SET) officials said their survey indicates Stones audience made it largest music PPV event of all time. Buy rate generally was acceptable for systems, cable operators told us. Lowest buy rate we heard of was about 1.1% on Viacom in San Francisco, and highest about 2% on American Cablevision in Queens, N.Y., and Cablevision Systems in Boston. Others generally fell between 1.5% and 2%. Viacom San Francisco Mktg. Dir. Timothy Rea said even 1.1% buy rate was good for cable operator: "A [PPV] movie might have made 1/5 or 1/6 of that, so for me it is a good deal." Official of Cox Cable San Diego said system would make healthy profit from Rolling Stones concert, "but I'm not sure this will be good for the promoter."

Showtime had been projecting it would sell \$7 million worth of PPV tickets to concert. Since there are about 13 million addressable homes, 1.75% buy rate at \$24.95 price would translate into about \$5.7 million revenues. Buy rate of 2% would mean \$6.5 million. PPV event and concert definitely were profitable, SET Pres. Scott Kurnit told us.



Latest candidate mentioned for CPB board is new WETA-TV-FM Washington Pres. Sharon Rockefeller. She joined stations Dec. 1, is PBS board member and former CPB chmn. (1981-1984). She declined comment. There are 3 vacancies on 10-member board, with S.C. Educational TV Pres.-Gen. Mgr. Henry Cauthen, WSBE-TV Providence Gen. Mgr. Susan Farmer and WQED Pittsburgh Pres. Lloyd Kaiser cited most often as prospective candidates. Hallmark Cards' Rae Evans, former CBS lobbyist, had been mentioned as possible nominee, but her candidacy has ended, several sources told us. She couldn't be reached. Under statute, only one of 3 nominees can be Republican. Cauthen and Rockefeller are Democrats, Farmer Republican, Kaiser independent.

Noncommercial WHRO-TV Hampton-Norfolk lent helping hand to market's CBS and NBC affiliates Dec. 10-13 when ice storm disabled their towers. Signals of WTKR-TV (CBS) Norfolk and WVEC-TV (ABC) were microwaved to WHRO-TV, which placed them on ITFS for distribution to cable systems. WTKR-TV satellite dish also was disabled, with WHRO-TV picking up CBS national feed and distributing it to commercial station.

New Zealand govt. said it would ban all advertising for tobacco products in 1990. Tobacco ads already are prohibited on TV and radio there, but are carried widely in print media and on billboards. Said Health Minister Helen Clark: "I am convinced that by removing this inducement to smoke, young people will be much less likely to become addicted and eventually die from a smoking-related disease."

Mass. Gov. Michael Dukakis (D) has signed state legislation that will put political TV question on ballot in 1990. Voters will be asked in nonbinding referendum whether TV-radio stations should be required to provide free air time to candidates. NAB opposes vote as unconstitutional. Ballot issue was described by state public interest advocates as referendum on fairness doctrine, which Dukakis supported during campaign for presidency in 1988. Legislation implementing referendum says vote will be "for the purpose of ascertaining the will of the voters relative to the fairness doctrine." FCC has dropped fairness doctrine. House Telecom Subcommittee Chmn. Markey (D-Mass.) has been major advocate of its return. But doctrine didn't require free or equal air time for TV-radio candidate discussions; it mandated only equal treatment in discussions of issues. Dukakis critics say he pressed for referendum as punishment for TV stations that refused to give him free air time to discuss tax increase he proposed earlier in year. Meanwhile, Alaska Public Offices Commission is considering proposing campaign reforms for state that would include permitting broadcasters to provide air time free to candidates without its having to be considered contribution subject to election disclosure rules. All state candidates would have to be given equal access to station's air time to qualify for exemption from disclosure rules, according to proposal.

U.S. market access to worldwide telecommunications business "will be enhanced through voluntary, nonbinding global standards," according to Bradley Holmes, U.S. coordinator and dir., Bureau of International Communications & Information Policy (CIP) of State Dept. Speaking at his formal swearing-in Dec. 19 (he actually took office several weeks ago), he said such market access will be driven "by the dynamic interplay of regulatory change and technical standard setting." At same ceremony, Secy. of State James Baker said that worldwide "information is a major force that is shaping the changing international environment, [and] CIP and the U.S. government... face many communications and information policy challenges." Citing events in Eastern Europe, Baker said breakthroughs in communications and information "are helping mold the world economy and challenging existing political relationships and institutions." Holmes said 2 principles will guide U.S.: (1) "Standards should be global to promote interconnectivity and interoperability." (2) Standards should be voluntary "to allow for technical flexibility, creativity... and innovation... In short, standards should facilitate connectivity without limiting innovation."

Bush Administration lifted ban on Chinese launch of 3 U.S.-made satellites suspended from export after Beijing govt. crackdown on prodemocracy demonstrators. White House Press Secy. Marlin Fitzwater said Bush "did not intend to disrupt normal civilian commercial relations" when he barred military exports to China. Responding to funding bill passed by Congress this year banning approval unless President said sale was in U.S. national interest, Bush said it meets test. Aussat and Asiasat satellites fall in category of items on federal munitions list included automatically in suspension, U.S. officials said. Satellites are to be launched on China's Long March rocket. Australian govt. had been trying to obtain U.S. waiver, said it expects Administration to clear sale by end of year because of Dec. deadline for license approval of satellite deal.

Dade County, Ala., Comr. Billy Herring and his brother Bennie Dean have been convicted of illegally making and selling equipment used to descramble pay-TV channels in Dec. 1987 and June 1988. They were found guilty Dec. 14 on 3 counts each.

BROADCASTERS SEEK STANDARD: Hughes TV Network (HTN) and NAB are conducting survey of satellite uplink industry that could lead to development of industrywide standard, aimed at eliminating downlinking problems. HTN said survey examines respondents' uplink practices for transmissions involving mostly single, full-transponder video and dual subcarrier audio.

HTN said survey is to identify signal parameters used by satellite uplink providers from which HTN will develop satellite broadcast standard for its own sports backhaul transmissions. Using new standard, HTN said, model of optimum performance will be implemented starting with HTN's backhaul of 1990 Major League Baseball. HTN said it will send survey results to NAB for consideration of formal standard.

NAB engineer Lynn Claudio said organization set up Subcommittee on Interstations Program Exchange last year. He said it has been greater problem for NAB members -- such as independent TV stations -- that are accessing several satellites: "If they access, say, 6 satellites they may have to reset their satellite receiver because those parameters aren't standardized."



Heads of public broadcasting's 4 principal national organizations plan to meet monthly to discuss common concerns. First meeting of presidents of CPB, NAPTS, NPR and PBS was held last week at CPB hq. CPB Pres. Donald Ledwig predicted future agreements of unspecified nature could flow from meetings. CPB, NAPTS and PBS had met recently in negotiating national public TV (PTV) program development plan, due to go to Congress by Jan. 31. Program of regular meetings appears to end period marked by divisiveness that began with emergence of proposals that would have passed through almost all of CPB's funds to stations for reaggregation elsewhere. National PTV plan conditionally would shift management of about 50% of CPB TV Program Fund from CPB to PBS, but would give former central role in new annual assessment of program objectives and priorities.

British Satellite Bcstg. (BSB) shareholders have been asked to supply \$240 million of \$632 million planned to finance startup of U.K. satellite TV. Company said it intends to show receiver manufacturers that 5-channel service is viable in expectation they will produce equipment before launch in March or April. Analysts said financing BSB now would build shareholder confidence that was lost after Alan Bond's Bond Corp. indicated last summer it wanted to sell its shares. Bond is BSB's largest shareholder with 36% of \$677 million committed so far. Money committed was for purchase of 2 satellites, film rights, etc. Production of receiver microchips is to begin in early 1990, BSB said. Launch will be more than a year after Murdoch's Sky Channel began.

United Black Talent Alliance (UBTA) has called nationwide boycott of clients of McCann-Erickson, charging ad agency with discrimination against minority firms seeking to produce and film TV commercials. Said C.K. Hobson, UBTa officer who is head of Star-Globe Productions: "On several occasions, we tried to interest McCann-Erickson in our production services but were stymied at every turn. With a little research, we learned that McCann-Erickson made it a practice not to use minority production companies." UBTa, black trade group for radio, film and TV industries, also has lodged complaint with Equal Employment Opportunity Commission.

C-SPAN would have come into being "a lot sooner" had cable industry been "less protective of itself" and more willing to expand channel capacity, Chmn. Brian Lamb told Washington chapter of Society of Professional Journalists last week. Industry was slow to react to consumer and govt. pressures to expand, he said, but industry now is "extremely supportive... This is a cooperative venture, no doubt about it." C-SPAN's \$13-\$14-million annual budget is underwritten by cable systems, he said, but operators are prohibited by C-SPAN's bylaws from meddling in network's program decisions. Lamb admitted that such attempts have been made (he wouldn't identify them), but he said operators have been willing to back off when told "it's none of your business." As example, he said MSOs "would just as soon we'd go away" and not cover congressional hearings critical of industry, but none has interfered with C-SPAN's doing so. Lamb wasn't optimistic about chances that C-SPAN would be carrying U.S. Supreme Court proceedings any time soon but predicted Court eventually would bow to industry and public pressure and allow cameras in. Next decade for C-SPAN holds much same as last, he said, explaining his goals are "to try and do what we already do, better."

Tektronix will provide key format converter for Advanced TV Test Center (ATTC) under new contract. Format converter will allow tests of HDTV systems, which operate in several formats, to be recorded on single Sony tape recorder for evaluation by industry and govt., ATTC Exec. Dir. Peter Fannon said. Without converter, all HDTV testing would have to be done from live picture sources, threatening comparability of tests of different systems. Successful development of format converter had been seen as major hurdle for testing program. Contract requires Tektronix to deliver prototype converter in March. Converter was invented by ATTC Chief Scientist Charles Rhodes, and patent has been applied for. Tran Thong, mgr.-Tektronix Electronic Systems Lab, said production contract is important extension of firm's role in HDTV. Tektronix has been manufacturing HDTV test equipment.

Long-term HDTV planning isn't "either-or choice," MST Pres. Margita White said in letter Dec. 21 to Commerce Secy. Robert Mosbacher. Letter was response to Mosbacher's appearance on Meet The Press Dec. 17 in which he raised question "whether we go terrestrial" to deliver HDTV. White said "some may choose to interpret your remarks to suggest the U.S. abandon the progress already made by the private sector toward developing an American terrestrial HDTV system." She said U.S. is ahead of Japan and Europe in terrestrial developments and has "tremendous stake in the success of the FCC's process leading toward a terrestrial HDTV standard." Advance planning is good, White said, but there's no immediate need to choose among "possible future generations of technology. American industries and the public must participate in all or risk being involved in none."

Horizon Communications, Dallas, and Satellite Management International, London, have formed joint venture, Satellite Management International-USA (SMI-USA), to provide satellite communications to broadcasters and businesses. SMI-USA said it offers domestic and international video, audio and data, will install downlinks in U.S. and abroad. Services include multiple-site downlink network management, transponder capacity on U.S. and international satellites, "local loop" connections, satellite event coordination. Company said venture operates in Africa, Australia, Belgium, Canada, Denmark, France, Hungary, Ireland, Italy, Mexico, Netherlands, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, U.K., W. Germany.

Personals

Sue Richard submitted resignation as NCTA vp-industry communications last week, effective Feb. 1. Richard, who was appointed in May (TVD May 29 p9), said she decided to leave for personal reasons, including excessive travel requirements. She previously had been special asst. to President Reagan for local media affairs, PR mgr. for Disney World, worked in Cox Washington bureau.

Jeff Sagansky, Tri-Star Pictures pres., joins CBS Entertainment Div. as pres. Jan. 1 under 5-year contract, succeeding **Earle (Kim) LeMasters**, resigned... **Bernard Hirsch** promoted to exec. vp-sales and marketing, NBC TV Stations... **Max Barber** retires as supt. of Senate Radio-TV Gallery after 38 years on Hill... **Douglas Webbick** promoted to acting chief, Policy & Rules Div., FCC Mass Media Bureau.

Changes at Multimedia Inc.: **James Lynagh**, pres., Multimedia Bestg., elected pres., succeeding **Walter Bartlett**, recently named chmn.; **William Bolster**, vp-gen. mgr., company's KSDK St. Louis, succeeds Lynagh as Bestg. pres.; **John LaMacchia**, Cincinnati Bell pres., joins Multimedia board... **Gary Weik**, ex-Harte-Hanks Communications and Cox Cable, joins Houston Industries' KBLCOM cable operating company as pres., succeeding **Jack Greenwade**, returning to parent's Houston Lighting & Power.

Jeff Rosser, ex-WVTM-TV Birmingham, appointed vp-gen. mgr., KDFW-TV Dallas-Ft. Worth Jan. 29, to succeed **I.W. (Bill) Baker**, retiring... **Mary McCarthy** resigns as news dir of WDSU-TV New Orleans to write novel... Advancements at Lifetime cable network: **Stuart Lefkowitz** to senior vp-operations and engineering, **Karen Katz** and **Roni Goldberg** to dirs.-original programming... **David Wagenhauser** advanced to exec. dir., Telecommunications Research & Action Center. Public advocacy group is expanding to include cable TV, telephone service, new technologies... **Randall Wells** promoted at Daniels & Assoc. to vp-small system brokerage-Southwest and West... **Mike McCullars**, development coordinator, KOZJ Joplin/KOZK Springfield, Mo., named development dir., Ark. Educational TV... **Tom Nalesnik**, ex-KKTO Santa Fe, joins KNME-TV Albuquerque as ad and promotion mgr.

Barbara Walters, co-host of ABC's 20/20, addresses Jan. 8 ATAS lunch, 11:30 a.m., Beverly Hilton Hotel, L.A.... Appointments at MT Communications: **Tom MacArthur**, ex-WFLD Chicago, joins WLMT Memphis as vp-gen. mgr.; **Larry Young**, national sales mgr., KBHK-TV San Francisco, named national sales mgr... Promotions at WXIN Indianapolis: **Dennis Christine** to gen. sales mgr.; **Donna Gould** to national sales mgr., succeeding Christine; **Randa Minkarah** to regional sales mgr.

Jonathan Axelrod, ex-co-owner, L.A. talent agency Camden Artists, joins Ventura Entertainment Group as exec. vp... **Kate Hampford**, C-SPAN dir.-mktg., named vp-central region, American Movie Classics... **Jay Levergood**, Scientific-Atlanta pres., joins cable firm Dowden Communications in mid-Jan. as pres.-part owner... Promotions at Gannett Foundation: **Charles Overby** to pres., succeeding **Eugene Dorsey**, taking early retirement; **Gerald Sass** to senior vp; **Everette Dennis**, exec. dir., Gannett Center, adds post of vp, Foundation.

Jerry Fischette promoted to vp-gen. mgr., Satellite Bestg. & Communications Assn... **Janet Yale**, ex-gen. counsel, Consumers' Assn. of Canada, joins Canadian Radio-TV Telecommunications Commission Jan. 2 as dir.

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gen.-cable, pay and specialty services... **Karen Glass** advanced to vp-production and program development, cable's VH-1... **Pekka Tarjanne**, newly elected secy.-gen., ITU, speaks at Jan. 11 Center for Strategic & International Studies communications studies program, 4 p.m., Cosmos Club, 2121 Mass. Ave. NW, Washington.

Changes at Blair TV regional offices: **Denny Godwin**, vp-Boston office mgr., becomes vp-L.A. mgr., succeeding **Bob Saracen**, who will assume new executive sales post in N.Y.; **Carole Aaron**, Boston sales mgr., succeeds Godwin... **Lisa Stein**, Washington bureau chief, CableVision magazine, joins TV Guide Jan. 22 in same capacity, succeeding **John Weisman**, resigned... Changes at WCCO-TV Minneapolis-St. Paul: **Joseph Murphy**, financial analyst, elected chmn., licensee Midwest Communications, succeeding **W.T. Doar**; **Steven Smith**, founder, Best. Technology Consultants, joins as dir.-engineering and operations... **Beth Casey-Roe** promoted to development mgr., WSKG Binghamton, succeeding **Pat Argue**, named promotions mgr.

Advanced TV Test Center (ATTC) will move Dec. 27 down street from PBS hq at 1320 Braddock Pl. to Suite 200, 1330 Braddock Pl., Alexandria, Va. 22314. Telephone numbers are unchanged.

Consumer Electronics

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

STATE OF THE INDUSTRY

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

	DEC. 2-8	1988 WEEK	% CHANGE	NOV. 25- DEC. 1	49 WEEKS 1989	49 WEEKS 1988	% CHANGE
TOTAL COLOR.....	399,122	411,669*	- 3.0	643,085*	20,757,737*	19,183,297	+ 8.2
DIRECT-VIEW...	393,214	403,991*	- 2.7	633,724*	20,514,228*	18,902,854	+ 8.5
PROJECTION....	6,908	7,678	- 2.7	9,361	243,509	280,443	-13.2
TOTAL VCR.....	333,678	346,699	- 3.8	531,980*	11,221,800	11,845,795	- 5.3
DECKS.....	274,772	291,141	- 5.6	425,353*	9,122,015	9,957,820	- 8.4
CAMCORDERS....	58,906*	55,558	+ 6.0	106,627*	2,099,685*	1,887,975	+11.2

Color TV 5-week moving average: 1989--453,416; 1988--471,952* (down 3.9%).

VCR deck 5-week moving average: 1989--276,322; 1988--300,386 (down 8.0%).

Camcorder 5-week moving average: 1989--67,900*; 1988--62,632 (up 8.4%).

* Record for period.

S.C. SEEN AS HITACHI TUBE PLANT SITE: All evidence indicates Hitachi has selected Greenville, S.C., as site for \$100 million picture tube plant, with production scheduled to start in summer 1991, although there has been no formal confirmation from company or local authorities.

Hitachi has been negotiating in several southern states (TVD Dec 18 p12). New plant will be first picture tube facility in Southeast. Even though Hitachi's own U.S. TV plant is in Cal., new facility will be positioned to serve OEM customers with plants in Southeast. These include Sharp in Memphis, NEC in McDonough, Ga., Sanyo in Forrest City, Ark., and Goldstar in Huntsville, in addition to Toshiba, which has TV set plant in Lebanon, Tenn., but makes own tubes in Horseheads, N.Y.

New subsidiary, Hitachi Electronic Devices America, to be formed in Jan., will be capitalized at around \$35 million. Factory will have about 365,000 sq. ft. of space and, like other recently announced picture tube projects, will specialize in larger screen sizes. Greenville is about 150 miles north of Atlanta. Capacity is expected to be about one million tubes annually.

S.C. provides significant tax incentives for manufacturers committing over \$85 million to facilities in state. In addition, city, state and county have agreed to contribute \$500,000 subsidy for site improvement for Hitachi plant in Greenville.

EARLY WARNING REPORT--RETAIL HOT IN NOV.: Despite spotty performance of EIA's wholesale sales figures and some individual horror stories, Nov. retail sales were up from year earlier in every major category except VCR decks, according to Warren Publishing's Early Warning Report (EWR) for month, which was mailed to EWR subscribers last week.

Closely watched for clues to Christmas sales, EWR indicates robust market in Nov. for most products. Color TV sales registered 9th monthly increase over 1988 in 11 months this year, median responses indicating gain of 3% in units, 5% in dollars. This Nov. performance follows 10% increase in units in Oct., best performance of year. Some 64% of respondents indicated increases in color sales in Nov.

Camcorders chalked up 2nd biggest gain of year (after April's 28.5% increase) -- up 18% in units, with 12.8% increase in dollars showing price attrition vs. year earlier. About 80% of respondents had camcorder sales gains. However, VCR decks showed typical 1989 performance in Nov., down 8% in units, 11% in dollars. While 25% of respondents reported VCR sales increases over last year, they weren't enough to overcome heavy preponderance of declines.

Projection TV, which has been slumping badly in sales to dealers, is undergoing retail boomlet, EWR panelists reported. Nov. saw 10.5% rise in unit sales and 18% jump in dollars, following unit gains of 10.5% and 20% in Oct. and Sept. respectively, after 8 dull months. About 60% of dealer panelists reported increases in projection sales over Nov. 1988.

CD players enjoyed best increase in year of increases -- up 25% in units and dollars over same month last year. It was, in fact, 2nd best percentage gain since we started measuring CD player sales in Nov. 1986. Unusual 100% of panelists reported increases in Nov. Total audio category was up 6.5% in units, 8.5% in dollars, with 80% of panel reporting increases. For information about subscriptions to EWR, contact our circulation office at 202-872-9200.

DAT RECORDERS NOW DUE HERE IN LATE SPRING: Although talk of marketing specifics by Japanese manufacturers will be barred at Consumer Electronics Show next week in Las Vegas (TVD Dec 18 p11) -- unless there's remarkable change in next 10 days -- Japanese press reported last week that 3 manufacturers will release digital audio tape (DAT) recorder decks with Serial Copy Management System (SCMS) in Japan in March, in U.S. and Europe 2-3 months later.

Article cites JVC, Matsushita and Sony as planning March release and says others, including Hitachi, Kenwood, Pioneer and Toshiba, will follow by May. In private interviews, Japan-based sources generally indicated that article in trade journal Nikkei Sangyo was accurate, although manufacturers declined official comment. Informally commenting on our report last week that MITI had banned discussion of DAT marketing specifics at CES, both MITI and some manufacturers denied there was any need to ask MITI before acting, although manufacturers did say informally they were waiting for MITI's "permission" before revealing plans.

MITI flatly denied our report of directive to manufacturers barring talk of marketing. One official even said there was no reason to comment because ministry had seen no demand by Japanese manufacturers to field DAT recorders with SCMS circuitry. As representative of one manufacturer said, he had no knowledge of any such directive, and if there were one, "we would not be able to talk about it." However, following our report, wires were buzzing between U.S. and Japan, and U.S. offices of Japanese manufacturers (including those mentioned in Nikkei report) kept silence on subject. Typifying frustration felt by some audio brand officials in U.S., one executive said: "I'm afraid that 45 people would have my ass even if I merely told you for the record that we plan on showing a prototype" at CES.

MITI directive mentioned last week wasn't recent, in opinion of one observer of Japan scene. He said last MITI directive on subject presumably was one issued in Jan. 1987 barring marketing of DAT recorders that can make direct digital copies. That directive remains in effect until changed, he said, and "no manufacturer can announce plans for [DAT recorder with direct digital recording] SCMS until MITI revises its directive to cover the Athens agreement [between hardware and software interests that resulted in SCMS]. MITI itself is the current obstacle to the marketing of DAT recorders" with SCMS. As for our speculation that there's nervousness in Japan about possible suit if DAT recorders are marketed here, he said MITI actually has been scoffing at manufacturers' concern over legal action.

Although it now would appear MITI will change its position by spring, from all indications CES appears to be shaping up as repeat of Japan Audio Fair from DAT standpoint -- lots of prototypes, including mockups never before shown, with "look but don't touch" as rule on possible marketing plans. We suspect that some consensus is beginning to emerge on release of DAT players with SCMS among manufacturers, MITI and Japanese software industry, although there's no clear evidence.

Absence of specifics about DAT at CES should help debut of new Dolby S circuit, which will be premiered at press demonstrations despite delays in delivering chip sets to every potential licensee requesting them. Our poll of manufacturers last week revealed that 4 companies plan to showcase prototypes of analog cassette decks with S-type circuit claimed "subjectively" to achieve virtual digital quality sound. Pioneer and Denon will demonstrate Dolby S retrofitted decks, and Harman Kardon and Teac's new super-high-end subsidiary Esoteric will join S-type ranks with new models.

INDUSTRY SEES LITTLE GROWTH IN 1990: A tough year ahead, with virtually no growth in sales, eroding prices and no increase in profits -- that's rather glum picture for first year of 1990s in new edition of our annual survey of leading manufacturers and marketers.

Somber forecast contrasts with that of year ago when respondents finally saw prices and profits inching upward, and shortages of color TVs and VCRs were among biggest problems cited for new year (TVD Dec 26/88 p11). In current survey, shortages weren't mentioned by anyone as problem, but there was concern about shakeout at retail, dealers' ability to sell all of new features, possible oversupply of large-screen TV sets.

In numbers department, best summation is "more of the same" -- no change in color TV sales, continued decline in VCR decks, 10% increase in camcorder sales, 3% rise in projection TV. But bear in mind that just a year ago, prognosticators completely misjudged color TV sales -- they were more than million too low -- and overestimated VCR decks and camcorders by more than million.

These figures will be amplified in more consensus forecast survey to be released by EIA at Consumer Electronics Show in Las Vegas next week. According to our estimates of 1989, record unit sales were chalked up by total TV, total color, direct-view color, total VCRs and camcorders. Here are those estimates, plus median forecasts by respondents to our survey:

Product	1990 (forecast)	1989 (estimated)	1990 vs. 1989	1988	1989 vs. 1988
Total TV.....	--	23,496,200**	--	23,097,899	+ 1.7%
total color...	21,770,000*	21,762,200**	+ 0.0%	20,518,139	+ 6.1%
direct-view.	21,500,000*	21,500,000**	0.0%	20,216,355	+ 6.3%
projection..	270,000	262,200	+ 3.0%	301,784	-13.1%
monochrome....	--	1,734,000	--	2,579,760	-32.8%
Total VCR.....	12,100,000	12,180,000**	- 0.6%	12,792,255	- 4.8%
decks.....	9,600,000	9,900,000	- 3.0%	10,748,210	- 7.9%
camcorders....	2,500,000*	2,280,500**	+ 9.6%	2,044,045	+11.6%

* Projected record. ** Record.

Prices. Last year's optimism for price increases seems to have vanished altogether, survey respondents predicting lower average prices on TV, VCRs, camcorders. More than half thought color prices would be down in 1990, discounting changes in mix. Median of all responses worked out to 2% decline from 1989. Even greater percentage thought VCR decks would dip, but median was 1.5% decline, and nobody forecast increase in camcorder prices, with median prediction of 5% dip.

Color TV Imports. Most respondents forecast continuing decline in percentage of imports. Based on estimate that imports had about 45% of market in 1989, respondents indicated drop to 43%, with range running 40-49%, but overwhelming majority saw decline in imports and consequent increase in domestic production.

Camcorder Formats. Although majority of those responding don't offer 8mm camcorders, almost 90% picked 8mm to outsell VHS-C next year -- but all of them thought full-size VHS would continue as dominant format. Median estimates were 60% VHS, 6.5% VHS-C, 33.5% 8mm. VHS estimates ranged 54-68%, VHS-C 0-22%, 8mm 20-45%.

Industry Sales and Profits. Most respondents thought industry's dollar sales would increase over 1989, but median was only 1% gain, estimates ranging from drop of 4.5% to increase of 5%. Profit expectations were disappointing. Just year ago, 73% expected industry profits to rise this year. In latest survey, however, just 1/3 foresaw increase, most predicting neither increase nor decrease, median coming out to zero.

Technical Developments. IDTV definitely has captured industry's imagination, more than half of respondents citing it as a major technical or product development of 1990. Close to half listed either LCD TV or personal video. Rest of responses were scattered all over map, only 2 mentioning HDTV, forecasting either combining of systems by proponents or delay in HDTV development. Other candidates for technical developments: Erasable CD, color video printer, better sound systems, compatible VHS/VHS-C recorders, LCD projectors, larger screens, new players in audio, lightweight camcorders, more integration of digital chassis in TV and video, picture in picture.

Marketing Developments. Responses here overlapped technical and product development question -- for example, more hi-tech product, resurgence of VHS-C, S-VHS, VHS-Hi Fi, more S-VHS software. But

concern over sales and marketing paths of 1990 were evident in many replies: "More independent dealers and suppliers going out of business," "beginning of retail shakeout, less growth at retail," "more direct sales to dealers," "impact of Sears on retail chains." Also: "Manufacturer-sponsored credit programs to support larger [screen] sizes," "realization that profit must be achieved through marketing," "more upscaling in brand marketing, emphasis on teaching retailer to step up."

Challenges of 1990. Plenty of them were listed, usual "profitability" and "price stability" prominent among them. Concern about large screen sizes was expressed by several in comments such as "selling 30-inch and overcapacity," "building consumer interest in large-screen color sets (particularly 31-inch)," "not overproducing large screen." Among marketing challenges: "Keeping small independent [retailer] in business," "getting retailer to educate consumer on bigger ticket purchases," "retailers must become more efficient as their margins are squeezed by higher wholesale prices and stable retail prices," "profitability in age of no growth," "grappling with changes at retail, such as store closings, mergers, acquisitions, overlap, etc." Others: "Delivering benefits and features at same or lower cost," "maintaining consumer interest in our products," "make end-user understand technical features," "trying to maintain sales to consumers with shrinking disposable income," "convincing consumer not to wait for HDTV."

N.Y. SUES SEARS: Sears' "everyday low prices" aren't any lower than former everyday "sale prices" before chain adopted new policy, N.Y. State Attorney Gen. Robert Abrams said in suit filed last week in Buffalo state court.

Suit focuses on Sears' practices in N.Y., but has national implications because chain's policies are nationwide. Complaint charges that 18-month investigation shows "actual prices paid by consumers remained largely unchanged." Using sales figures it says it obtained from Sears, attorney gen.'s office said "everyday low prices" were "virtually identical to the 'sale' prices of those items under the earlier pricing policy" and that former "sale" prices were those at which "the items had regularly sold," adding: "The 'old' prices cited by Sears when it went to the 'everyday low price' format were not prices that the merchandise actually sold for, or that Sears even expected to get. The 'old' price was fictitious to begin with..."

Complaint gave N.Y. state sales totals for products in 1987-1988 to show that few sales had been made at "regular" prices. For example, it cited one microwave oven, of which it said 14 had been sold at regular price and 7,576 at sale price, and canister vacuum, 6 at regular price, 1,512 at sale price. Other examples included furniture, gas grill, electric screwdriver. Except for microwave oven, none of 20 items cited were electronic.

Sears Chmn. Michael Bozic denied charges, saying examples given weren't typical of retailer's 100,000 items, and "proof positive" that prices had been lowered was fact that company's gross profit declined since switching to new policy. Suit seeks restitution for consumers who it says were victimized by fraudulent ad and sales practices, injunction to stop those practices and monetary penalty against Sears for alleged violation of 1986 agreement with state to halt "deceptive sales practices."

Introductions at Consumer Electronics Show will include 3 new TV-VCR combinations from Emerson -- 9" (Feb.) at \$770, 13" (March) at \$750, 19" (April) at \$870. Emerson also will debut 30" stereo receiver in April at \$1,799 and 27" stereo, now being shipped, at \$950. New VCRs are \$380, on-screen programming model at \$420, AC-DC videocassette player at \$320... NEC's first 32" sets (TVD Dec 18 p14) are stereo monitor with 10-w amplifier at \$2,200 and console with 40-w amplifier at \$2,600. NEC's first laserdisc player is combo CD model with 4-times oversampling, S-video output, forward and reverse jog at \$13,399.

SONY'S SOUND MAVICA: Sony will add 2nd consumer Mavica still video camera in Feb. -- this one with sound. Utilizing standard agreed to for sound still electronic cameras in Japan, system employs one video frame on 2" video floppy to record up to 10 sec. of audio. Floppy thus can store either 50 pictures without sound or 25 with sound.

New model was previewed to press last week in N.Y. It will list at \$850, including playback controller -- same price as original nonsound Mavica when introduced. Original model was reduced to \$650 last Feb., said Sony Personal Audio Products Co. Pres. Marnix van Gemert, and as result "sales rose dramatically."

Discussing Sony's experience since introduction of first consumer Mavica, van Gemert conceded that "consumer response [to all brands of still video products] was not as enthusiastic as we had anticipated." Sony found consumers needed education and will use ads to familiarize them with still video. Hands-on shopping mall demonstrations were successful in selling Mavica, van Gemert said, and Sony will use such performances in 52 cities to introduce Sound Mavica, exposing concept to 6.5 million people.

Mavica has been successful in nonconsumer applications, according to Sony, which said it's being used in such businesses as real estate and insurance. In future, Sony said, it will introduce consumer video printer.

New Sound Mavica has several improvements over original silent model, Sony said, including new macro lens, improved flash system, backlight switch, one-hour rechargeable battery.

Go-Video demonstrated production model of its VCR-2 dual-deck VCR at 2 Phoenix stores at week's end, but missed original target of 10,000 units to be available for Christmas (TVD June 12 p14). Company now schedules marketing start March 28 and says supplier Samsung will produce 10,000 monthly in Korea after completion of all testing, adding more lines in 2nd half of 1990. Machine will list at \$995, including 5-year parts and labor warranty.

THIS WEEK'S YEN RATE

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

ZENITH SEES GOOD YEAR: "Healthy" 1990 for consumer electronics is seen by Zenith Sales Co. Pres. Gerald McCarthy even if there's downturn in general economy. "We have proved to be a fairly recession-proof business," he told us. "Our core businesses are dependent on replacement, and that affords us the opportunity to be less impacted."

For 1990, Zenith is counting on repeat of 1989 -- sales of 21.9-22 million color sets, camcorders at new record of around 2.3 million, VCR decks declining "couple percent" to about 9.4 million. In general, levels all will be at record. "In that environment there's some potential to upgrade consumer purchasing," McCarthy said. In color, there will be continued emphasis on remote, MTS stereo; in VCR, 4-head machines with more features will continue to lead to improved dollar volume.

McCarthy is concerned, however, about widespread forecasts of major increase in sales of giant-screen TV sets. "Over time, the numbers of our products selling for more than \$1,000 have remained fairly steady as a percentage of the total," he said. "Some of the predictions about big screens would require a significant change in a trend that's been a steady one." Citing 35" sets, he said "most of the industry will concede we expected sales results to be a little higher" than they turned out. Sales lower than expected are "not as much a function of shortage as the fact that not such a large percentage of the public has that significant amount of disposable income."

Prospects for price stability in 1990 are good, McCarthy believes. Although Aug. saw "a little softening," he said 1989 had "terrific 8 months of stability." Inventories at retail and in pipelines "have never been as reasonable as the numbers we're looking at now -- the only exception has been camcorders, and even those are coming into line reasonably in last 2 weeks." Combined with continued tube shortage and given good Christmas sales, this should lead to continuation of price climate enjoyed by industry in 1989, he commented.

As for Christmas season sales, McCarthy cited "mixed readings among major retailers" late last week. He noted that in recent years sales have surged late in season, and expressed hope that long weekend just before Christmas, providing extra shopping day, gave major boost to sales.

Control of Sansui will be acquired by Polly Peck International Jan. 6 following special stockholders' meeting in Tokyo last week (TVD Dec 18 p15). New Sansui Exec. Vps Tatsuya Inamiya, Takahiko Inami and Hiroshi Kudo were named managing dirs. In addition to Inamiya and Kudo, new board members elected were: Norbert Wirsching, PPI Electronics Div. dir. and pres. of Capetronic; David Fawcus, PPI financial dir.; Tim Wood, PPI PR dir.; S.W. Hwang, Capetronic chmn.; Barry Buttifant, CEO of PPI Hong Kong and dir. of PPI Far East; Adrian Ma, Capetronic financial dir.; Richard Kropp, Capetronic USA vp; Sanada Yukihiko, attorney; Kiichiro Oka, Capetronic adviser. Sansui directors, including Chmn. Shinichi Kinoshita and Pres. Ryosuke Ito, continue to serve. In interview, Inamiya told Nikkei Sangyo that VCR and fax would be major pillars of Sansui, and company planned to sell those products at "competitive prices." He said Sansui would offer fax on OEM basis to Japanese manufacturers.

Joint venture of Texas Instruments and Japan's Toppan Printing will acquire TI's photomask operation in Dallas, according to letter of intent. New company will make photomasks for ICs.

EIA SEES 3% GROWTH IN 1990: U.S. factory electronics sales this year will be up 5.5% to \$256 billion and will grow at slower pace of 3% in 1990 to more than \$264 billion, EIA reported. U.S. sales of consumer electronics, including imports, will be up 6% this year over 1988 to \$32.2 billion, rising only 3.9% next year to \$33.4 billion. Factory sales of U.S.-made consumer electronics, excluding imports and home information products, will be fairly level at just over \$5 billion this year and \$5.1 billion in 1990 -- 1.3% increase, EIA forecast.

For the 1990s, EIA Pres. Peter McCloskey forecast that "as the cold war melts, economic warfare in the global marketplace will take its place." He saw new European Community alliances such as EC '92 and developments in Eastern Europe and Asia providing industry's greatest challenges, with development of new technology, such as X-ray lithography, high-definition systems and superconductivity offering major opportunities.

EIA ELECTRONICS FACTORY SALES FORECASTS (in billions of dollars)

Sector	1988	1989	Chg.	1990	Chg.
Communications.....	\$64.2	\$66.2	+2.8%	\$67.0	+1.5%
Components.....	49.4	51.4	+4.0%	52.6	+2.4%
Computer-Industrial	80.9	81.5	+0.7%	81.5	0.0%
Consumer*.....	30.3	32.2	+6.0%	33.4	+3.9%
Other related.....	43.9	52.6	+20.0%	57.9	+10.0%
TOTAL.....	\$243.0	256.0	+5.5%	264.0	+3.0%

*Includes imports. Domestic production, \$5 billion in 1989, \$5.1 billion in 1990.

Totals don't reflect sum of individual product groups because of overlap and exclusion of consumer electronics imports. EIA said defense electronics totaled \$55 billion in 1989 and is expected to remain at or slightly below that level in 1990. Defense sales are included in other categories in table above.

Some 361 U.S. electronics companies employ more than 72,000 in Japan, new American Electronics Assn. (AEA) directory shows. Of firms, more than 71% have Japanese citizens as CEOs. AEA quotes Japanese sources as reporting there are 139 Japanese electronics companies in U.S., employing just over 68,000, but only 2% have Americans as CEOs. Details on directory, printed in Japanese and English: AEA, 5201 Great America Pkwy., Santa Clara, Cal. 95054; 408-987-4200.

Selectronics "bookshelf" with Private Eye viewer, reported recently in several articles (TVD Dec 18 p15), doesn't exist, Selectronics spokesman told us. Only Private Eye product scheduled to be shown at Consumer Electronics Show (CES), according to Reflection Technologies, developer of display, is Medbar Portafax, shown in prototype at last June's CES in Chicago.

Cross-reference guide to VCR parts for 9 different brands has been released by Thomson Consumer Electronic Distributor & Special Products. VCR Key Items Cross-Reference Guide catalogs key parts for RCA, GE, Hitachi, Magnavox, Panasonic, Philco, Philips, Quasar and Sylvania VCRs by TCE stock numbers. Details: TCE, 2000 Clements Bridge Rd., Deptford, N.J. 08096.

NATM Buying Corp. will celebrate 20th anniversary March 29-April 1 with convention at Turnberry Island Yacht & Country Club, Aventura, N. Miami, Fla.

Consumer Electronics Personals

Michael Dunn, ex-Motorola and Texas Instruments, appointed Infinity Systems exec. vp, post vacated by Cary Christie when he became pres. following resignation of Arnie Nudell last June... Robert Jones, ex-Chicago Pacific Corp., named Zenith asst. treas... Mitchell Witten, promoted to sales and mktg. dir. for Teac's high-end Esoteric brand... Steven Sienicki advanced to Dishwasher sales vp... Michael Schwartz appointed dir. of mktg., mdsg. and new product development, Gemini Industries... Robert Hurley, Express Music Catalog founder, named Bose catalog gen. mgr. following Bose acquisition of mail-order music firm (TVD Dec 18 p17)... Stephanie Brown appointed EIA Consumer Electronics Group consumer affairs staff dir.

Henk Boddendijk, ex-managing dir. of Philips Consumer Electronics, named Joint European Submicron Silicon program (JESSI) corporate coordinator for Philips; W. Huisman, Philips senior managing dir., appointed to manage new Communication System Div., while M. Kennedy, managing dir., will be chmn. of management of new Information Systems Div. (TVD Dec 18 p16)... Jurgen Strube picked to succeed retiring Hans Albers as BASF chmn., Wolfgang Jentzsch chosen as deputy chmn.; Strube was responsible for N. American market in 1985-1988 and has been involved with plastics and Latin American information systems since then... Ulf Ericsson, ex-pres., Datatronic AB, Stockholm, named pres. of Tandy's Victor Technologies Group, formed with acquisition of Victor and Micronic subsidiaries of Datatronic; new group has hq in Stockholm.

David Schuvie promoted to vp-mdsg. at K mart, reporting to Senior Vp-Gen. Mdse. William Underwood... John Shea, Spiegel pres., adds duties of vice chmn... William Wiggenhorn, corporate vp, Motorola Training & Education Center (MTEC), named pres. of its successor Motorola University and corporate vp of training and education... Changes at Buena Vista Home Video: Matthew Brown, ex-Artec, joins as eastern regional sales dir.; Ray Gagnon promoted to national key accounts dir., new post; Steven Feldstein, ex-Bender, Goldman & Helper, joins as PR mgr... Jeff Rabinowitz advanced to SVS sales dir... Olivier Philippon promoted to CBS/Fox managing dir. for France and French-speaking Belgium and Switzerland.

Compulsory inclusion of AM stereo in all radios that have FM stereo, as proposed Rep. Rinaldo (D-N.J.), was opposed vigorously by EIA Consumer Electronics Group Vp Thomas Friel in letter answering questions by FCC Chmn. Sikes as followup to Nov. 16 Commission hearing on AM improvement. Friel said it was impossible to speculate on cost of adding AM stereo. Improvement of AM band will require variety of actions, only small proportion of which involve receiver manufacturers, he said. Moreover, in areas where receiver makers can play active role in better AM, they're already doing so, thereby precluding need for "unnecessary govt. regulation that can impede such initiatives." Friel urged FCC to end AM stereo impasse and help reduce interference on AM band.

Europe's top 500 companies, ranked in order of capitalization by Financial Times, include these electronics, communications and related firms: British Telecom (3rd), Siemens (10), GEC (17), BASF (26), Philips (65), Racal Electronics (75), Electrolux (95), Thomson-CSF (99), EMI (105), Olivetti (121), Sears (141), Nokia (255), Po (333), Nixdorf (397), Amstrad (455).

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			
1989-9 mo. to Oct. 31	95,325,000	(2,624,000)	—*
1988-9 mo. to Oct. 31	126,143,000	1,253,000	.11
1989-qtr. to Oct. 31	29,602,000	(997,000)	—*
1988-qtr. to Oct. 31	39,429,000	210,000	.02
Circuit City Stores			
1989-9 mo. to Nov. 30	1,405,473,000	42,187,000	.92
1988-9 mo. to Nov. 30	1,158,016,000	39,247,000	.86*
1989-qtr. to Nov. 30	525,886,000	14,600,000	.32
1988-qtr. to Nov. 30	434,253,000	13,652,000	.30*
J2 Communications			
1989-year to July 31	7,116,088	466,513	.25
1988-year to July 31	5,832,449	318,157	.17
Microdyne			
1989-year to Oct. 29	19,641,000	552,000	.13*
1988-year to Oct. 30	19,044,000	(941,000)	—
1989-13 wk. to Oct. 29	5,183,000	114,000	.02*
1988-13 wk. to Oct. 30	4,232,000	(377,000)	—
Prism Entertainment			
1989-9 mo. to Oct. 31	15,942,000	870,000	.39*
1988-9 mo. to Oct. 31	16,368,000	799,000	.36*
1989-qtr. to Oct. 31	6,367,000	394,000	.18*
1988-qtr. to Oct. 31	6,317,000	361,000	.16*

Notes: *Includes special credit. ^bAdjusted.

FIRST MTS SALES DIP: For first time since statistics have been reported, sales of color TV sets with MTS stereo declined in Oct., both as total number and as percentage of color sets sold, EIA said. It said 526,236 sets sold to dealers (excluding projection) in Oct. had built-in MTS, down 5.2% from 554,852 in Oct. 1988. In this year's month, 28.3% of all sets sold had MTS, down from 28.6% in Oct. 1988.

Thus 5.2% dip in MTS sales was greater than 2.2% decline in total direct-view color sales in Oct. (TVD Nov 13 p9). Oct. drop may be related to record sales in Sept., when 817,727 sets (31.1% of total) had MTS (TVD Nov 13 p11) -- or it could be sign 4th quarter is seeing greater concentration of low-end sales than last year.

In first 10 months of 1989, 4,870,564 sets had MTS -- 27.6% of total color sales and up 21.9% from 3,996,099 in same 1988 period, when 24.4% were so equipped.

Use of cellular phones on airplanes is opposed by FAA, it told FCC. FAA Assoc. Administrator Arnold Aquilano said that his agency "must reluctantly oppose the use of any such portable electronic devices designed as a radio frequency transmitter." He said: (1) Operation of radios is "potentially harmful to aircraft systems," and large numbers of radios could increase risk to safety. (2) Phones may not work on planes because aircraft body could shield transmissions. (3) Even if service were allowed on ground, it would be difficult to stop users from calling once plane took off. Commission said it would accept comments on FAA letter until Jan. 18, replies Feb. 2.

Electronic Business Asia is new Hong Kong-based monthly business magazine to be issued by Cahners Publishing beginning next spring. It will focus on electronics

7 3 1 4 5 6 3 s. Editorial dir. is Lewis Young, former ^{ef} of Business Week and onetime chief editor of magazine.

