

Alistair Milne on What the BBC Thinks of American Telly

CHANNELS

O F C O M M U N I C A T I O N S

1983 JULY-AUGUST

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Can Ted Turner Play with the Big Boys?

BY JAMES TRAUB

Digital—Television's
Great Leap Forward

Hollywood Targets
the Home Box Office

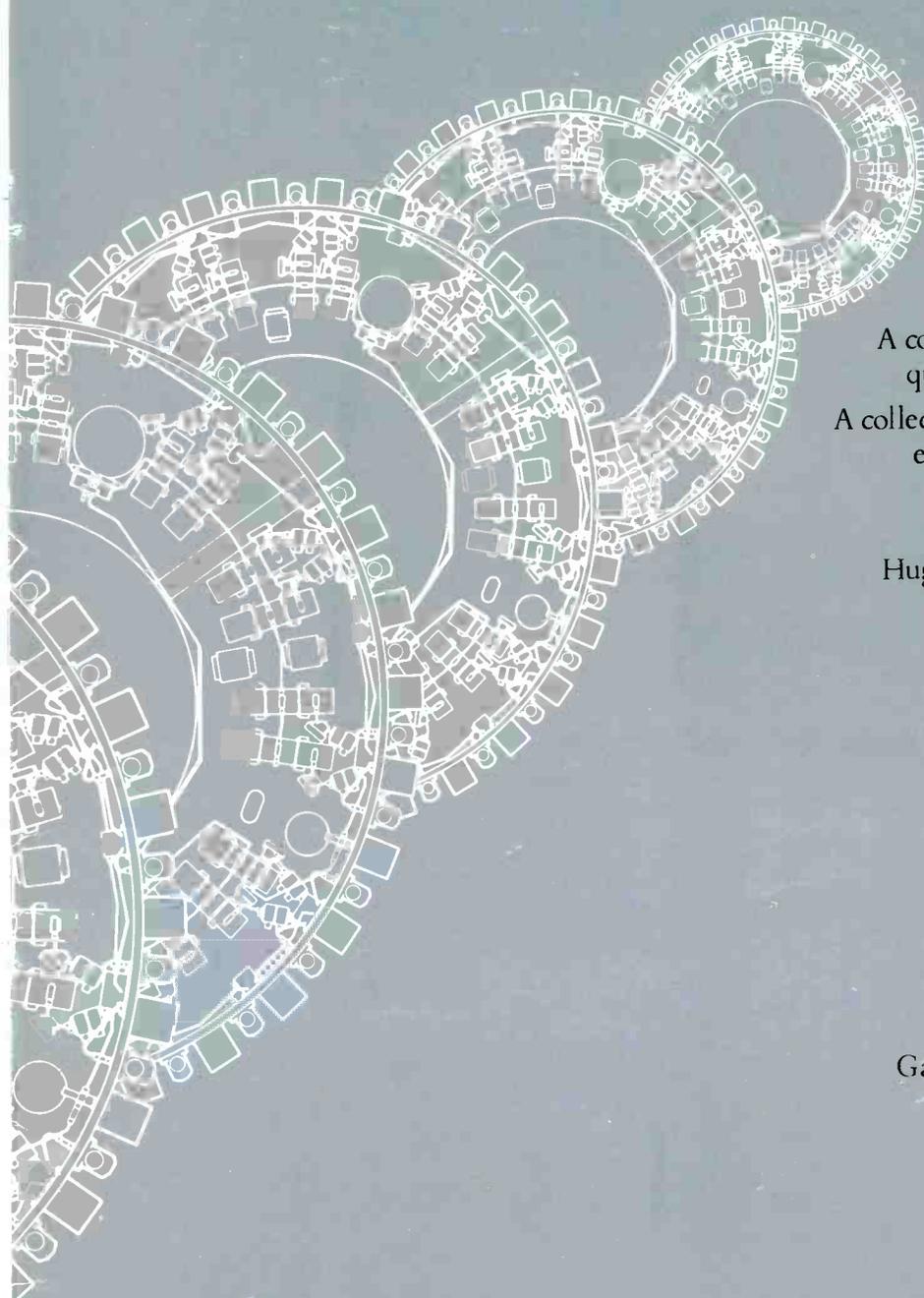
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SPECIAL REPORT:
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Soaring costs and city politics have put the "wired nation" on hold.

BY GARY ROTHBART & DAVID STOLLER



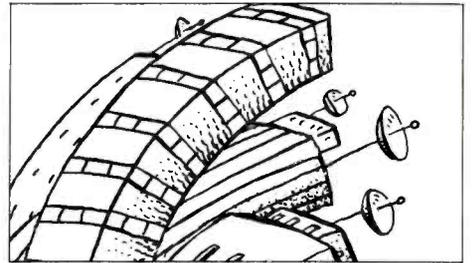
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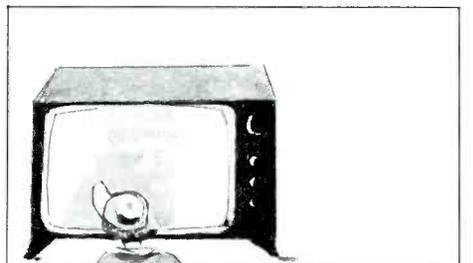


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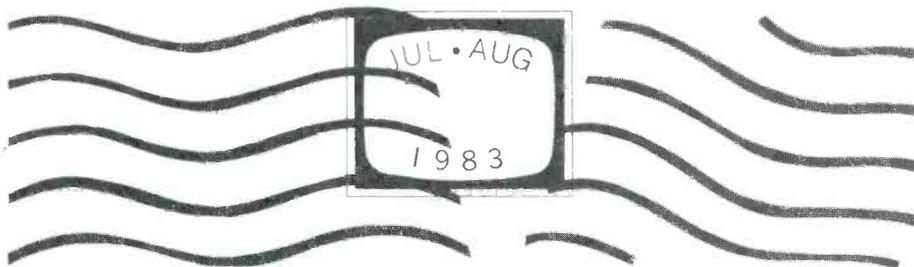
Notes From a Member of TV's First Generation

How a boy who ached for the "vanilla conversation" of *Beaver* grew up to make his peace with television

BY MARK EDMUNDSON



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Taking Issue

I READ WITH INTEREST MARTIN KOUGHAN'S "The Fall and Rise of Public Television" [May/June].

However, in discussing public TV's *Non Fiction Television*, Koughan attributes a quote to me with which I must take issue: "There is no question there are pressures we get from WNET, which is trying to get large sums of money from AT&T and Exxon, who are not happy with muckraking."

During the course of a long phone interview with Koughan, which focused primarily on *Non Fiction Television's* funding crisis, I discussed separately the following items:

—"pressures from WNET": in this case, pressures to secure funding for the continuation of *Non Fiction Television*;

—"large sums of money from AT&T and Exxon": this in confirming WNET's involvement with these corporations as principal funders of the *MacNeill/Lehrer Report* and *Great Performances*;

—an observation that corporations tended not to be "happy with muckraking."

By removing the context in which these separate statements were made and by compression, Koughan has created a wholly unintentional but nonetheless erroneous meaning. To set the record straight: At no time have I or *Non Fiction Television* been pressured either directly or indirectly by AT&T or Exxon.

I am disappointed that, so far, we have been unable to persuade corporations of the value of supporting *Non Fiction Television*. If we are unable to secure funding in the future, however, it will be not so much because of their "pressure" as because of their benign neglect.

DAVID R. LOXTON
Executive Producer
Non Fiction Television
New York City

TV's True Politics

RE: "THE LIE OF TV'S POLITICAL POWER" [May/June]. The power elites who run America's television industry and its political institutions have one thing in com-

mon: They all know that people are most easily ruled when in a state of fear.

The television audience and the nation's voters are the same people. When watching television, they are consumers. They are learning the values of the consumer society through the programming they watch, and are being offered an endless array of products by the advertisers who pay for the programming.

As consumers, what are they afraid of? Obsolescence in their personal lives, smelling bad, or falling victim to some other annoyingly human symptom. Television promises them that by being heroic consumers, they can overcome the human condition. And as long as the television audience is willing to buy this myth, it will be powerless.

The fears besetting America's product-hungry consumers assail its voters. Nothing better demonstrates the powerlessness these fears produce than the growth of the nuclear-arms race, which has been fueled for 40 years by appeals to the voters' fears of communism.

Television—along with other media—has woven both these fears into the fabric of our daily lives. You simply cannot say, as Walter Karp does, that television is only a medium reflecting our culture back to ourselves. It is a technological tool wielded in the interests of a very few. Whether those few belong to the TV industry, the political realm, or both, as President Reagan does, hardly matters. They are collaborators, not rivals.

ARTHUR HOYLE
Los Angeles, California

Note from a Revolutionary

ON BEHALF OF MY STAFF AND MYSELF, I thank you for the charming write-up on my program *If I Can't Dance, You Can Keep Your Revolution* [Program Notes, May/June].

I am particularly grateful that a talented writer such as Michael Pollan was chosen for the assignment. The piece was funny and complimentary and I was positively rolling on the floor reading it.

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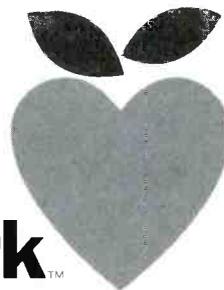
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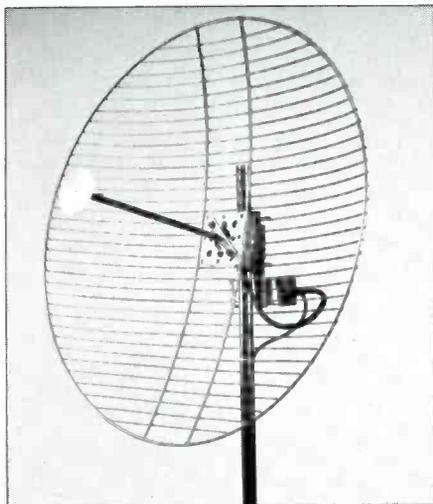
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MDS vs. ITFS: Superhigh Anxiety

Like European nations carving up old Cathay, champions of the new technologies have begun battling over the few remaining pieces of the broadcast spectrum that remain sparsely settled. In the last year or so, some of the most violent swordplay has issued from the farthest corner of this territory—the superhigh and microwave frequencies—where the swelling army of multipoint distribution service (MDS) has thrown down the gauntlet before Instructional Television Fixed Service (ITFS). The Federal Communications Commission, which rations out tracts of the turf, is now deciding whether to reallocate some of ITFS's 28 channels to MDS, and if so, how many.

ITFS is clearly the weaker of the two parties. Among the licensees, who transmit instructional programs over a distance usually less than five miles, are school boards, boards of regents, engineering colleges, hospitals, and Catholic



archdioceses. In this market-crazy age, the exclusive devotion of ITFS to non-profit use is stigma enough. But the fact that its users have occupied so little of their allotted spectrum is what has made ITFS vulnerable to MDS's proposed incursion. Only in 20 markets, according to Sue Frackman of the Joint Council on Educational Telecommunications, have li-

censes filled the ITFS spectrum.

Instructional television was once expected to revolutionize the schools, yet only about 3 percent of public schools receive ITFS. Still, one-third of Catholic school students attend schools with access to ITFS, and last September the church created the Catholic Television Network, linking 1,200 ITFS sites by satellite. Engineering colleges as well as high-tech firms have begun using ITFS for on-site training. A number of state

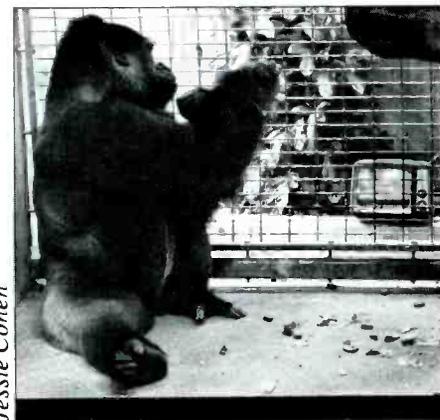
university systems and governments are developing vastly expanded ITFS systems, linking students, libraries, hospitals, work sites, and so on. PBS has filed for four-channel ITFS systems in 102 cities for a "National Narrowcast Service" providing specialized education. "It would be an absolute shame," says Msgr. Michael Dempsey, a telecommunications expert in the Brooklyn archdiocese, "if at the exact moment when these things were finally capable of supporting so many

Beat Your Chest If You Love Lucy

The capacity to enjoy television has never been taken as a proof of higher intelligence. So when we recently discovered, at Washington's National Zoo, that some gorillas will sit for hours before the screen, our admiration was mingled with pity. Out there in the jungle, the apes have not seen fit to invent television for themselves. But as Melinda Gauling of the zoo's education office says, "Apes are very intelligent, and the boredom factor in captivity is quite high." So the zoo has installed two TV sets in the Great Ape House, where some of the inmates have made viewing a regular habit.

Sylvia and Hercules, for example, have never known a world without television. As babies in the Baltimore Zoo, they had a set in their cage. When they were loaned to the National Zoo, their new keepers provided them with television so their environment would seem as familiar as possible. Now they have a few trees to brachiambulate among, and a color set fixed into a wall. Across the way, Tomoka, a sedentary 21-year-old—a retiree of sorts—spends most of his days before a black-and-white set.

Gorillas may have viewing preferences but nobody has bothered to ask them yet—and merely to conjecture which network they favor might open one to a libel action. They like color and sound for much the same reason people do: They crave stimulation. One of their keepers, Doug Donald, has observed that males watch far more than females (probably because



Jessie Cohen

they appropriate any new toys), and cautiously notes that "one male seems more interested with football games on." Donald does not, however, consider this adequate grounds for ethological generalization.

Nobody knows exactly what gorillas think television is. Donald suspects that they recognize the miniature forms as human (except, of course, for Mr. T). The apes can, in any case, recognize an electronic image of themselves, a sign of advanced intelligence. A National Geographic documentary on apes had the residents of the Great Ape House "very attentive," according to Donald. When the camera offered a close-up of a male gorilla staring—a classic threat posture—the female gorillas in the audience averted their heads, a gesture of submission superfluous in the mild jungle of northwestern Washington, D.C.

J.T.

new uses, you took them away.”

MDS has, you may be assured, its own revolutionary potential, which the FCC has been implored not to discourage. MDS originally had been used as a private television system and means of data transmission for businesses. But since 1975, MDS has commonly been employed to bring pay-television services like HBO into homes equipped with a special antenna. Suddenly the whiff of mega-profits began drifting over MDS. Video entrepreneurs realized that in many of the cities still waiting for cable, a package of half a dozen MDS channels might prove an immensely popular alternative—a kind of over-the-air cable service.

CBS has cut a deal with the Contemporary Communications Corporation to lease MDS systems, each carrying four to eight channels, in the five cities where the network owns stations (so as not to outrage CBS affiliates with the threat of further competition). CCC has now petitioned the FCC for “developmental authority” to establish these five systems. Another firm, Microband, has asked the FCC for a piece of ITFS’s flesh in 50 major markets. “We feel,” says Mark Foster of Microband, “that the proposal we have made not only has merit, but performs a major public service.” What service? That of satisfying “the desire on the part of the public to have an additional block of channels.”

In arguments before the FCC, the minions of MDS have been careful not to trample on the consecrated ground of education and public service. Advances in engineering, they now claim, will increase the number of channels available in the spectrum, so that eventually the lamb will be able to lie down with the lion. But this argument leaves the chief of the FCC’s Mass Media Bureau, Larry Harris, feeling “a little bit skeptical.”

As this issue went to press the FCC seemed poised to make a decision; book-makers, were they to expand into the field of regulatory gambling, would probably weigh the odds heavily against ITFS. Msgr. Dempsey admits that he has found the commissioners “not sympathetic at all to what we call the public interest.” And while both technologies offer birds in the bush, MDS’s may be painted in far more striking colors. The potential to do much of what cable does, but to do it expediently and cheaply, would offer a sore temptation even to a commission less obsessed with multiplying consumer choices. J.T.

Copping Out on Teletext

Teletext should be off and running by now—a household word, if not quite yet a household staple. Yet its development is about as far along as it was before the Federal Communications Commission’s long-awaited approval of the technology last April. The reason is that the FCC put teletext on the road but denied it the means of travel.

Teletext is the television you read—a wonderful technology that allows the viewer to call up a “magazine” of topical information, even while watching television programs. With a decoding device the consumer gains access to up-to-the-minute news summaries, ball scores, arts and entertainment calendars, weather and traffic reports, classified ads, and the like.

For the better part of a decade, teletext has been available to viewers in England, France, and Canada—and that’s part of the problem with its adoption here. Each country has developed a teletext system incompatible with the others, and each has convinced a clutch of American broadcasters to experiment with its technology and demonstrate its virtues to the FCC.

Authorization of teletext in some form was a foregone conclusion, but what everyone expected from the commission after two years of study was a decision on the engineering standard: Was it the Brit-

BASEBALL SCOREBOARD	
NATIONAL	11
PHILA.	5
CARDINALS	8
NEW YORK	3
CHICAGO	10
PITTSBURGH	1
MONTREAL	9
ATLANTA	4
HOUSTON	4
CINCINNATI	3
SAN DIEGO	

ish, the French, or the Canadian standard that would serve us best? The FCC decided to authorize all of them, leaving the critical decision to the marketplace.

It has always been the responsibility of the FCC and its engineering staff to establish technical standards for the broadcast media. The public interest is served by eliminating chaos from the marketplace and protecting the consumer from the imminent obsolescence of his purchases. But Mark S. Fowler, FCC chairman, explained that his agency would let teletext sort itself out in the marketplace, because “we’re not particularly well-suited engineering-wise” to make technical decisions.

The lack of a technical standard creates two options for the consumer: Either he buys a separate decoder for each station that employs a different teletext system, or he holds off until the issue of standards is decided in the marketplace. If everyone holds off, the issue will never be decided. Catch 22.

But the real damage to teletext, verging on a death blow, was the FCC’s decision to exempt it from the “must-carry” rules



C. Barzotti

for cable. This lets the cable operator decide whether or not to transmit a station with its teletext service intact. Odds are that most cable systems will omit broadcast teletext, because cable is soon to have a teletext system of its own—one developed by Time Inc. Why would any cable operator carry broadcast teletext systems, which provide him no revenue, when Time Inc.'s cable teletext system might increase his profits?

If broadcast teletext has no access to cable homes, then it is effectively shut out of 37 percent of the nation's households—the very homes most likely to buy teletext decoders. This is why CBS and NBC are threatening to take the FCC to court over its teletext decision.

The networks seem to have a good case, because of a serious inconsistency in the FCC ruling: In approving teletext, the commission decided that the band of scan lines over which teletext is broadcast belongs to the stations licensed to those frequencies and cannot be claimed by anyone who might want to get into the teletext business. Yet if teletext is a legitimate part of a station's signal, how can it be exempt from the FCC's own must-carry rule, which requires cable systems to carry all local television signals in its immediate area?

This is not the first time Fowler's FCC

has bungled a technical issue. The development of both AM stereo radio and direct-broadcast satellites has already been thrown into confusion by the commission's unwillingness to settle on a standard.

What if the Federal Aviation Administration did the same thing—and by refusing to set engineering standards, left it for the consumer to decide, by trial and error, which planes were safe to fly in?

L.B.

Titanic Sinks; Many Saved

The Federal Communications Commission, which released radio stations from virtually all public-service responsibilities in 1981, was no doubt heartened to scan the headline of a recent press release from the Radio-Television News Directors Association. "Survey Finds Deregulation Does Little to Radio News," it announced. See that, doubting Thomas? The free market works. Hand those broadcasters a blank check, and they'll fill it in with the public's name.

Written from a different perspective, however, this bouquet of good news

might prove a bit less fragrant. A catchy headline, for example, could be fashioned from the reference on page two to "an estimated 400 stations making cutbacks of some kind in public affairs." And a strong opening paragraph could be recast with some of the comments made by the news directors and reported, with admirable candor, by the RTNDA: One spoke of having "cleaned out the Sunday ghetto" (the early-morning hours to which burdensome programming responsibilities were once consigned); another, telegraphically terse, said his station had "flushed news" from his schedule. It sounds as though some pretty neat surgical strikes are being performed on public-affairs programming out there.

The RTNDA has in fact performed a valuable service. Previous attempts to assess the consequences of radio deregulation had been inconclusive. Now we know that in the year after the FCC action (the survey was conducted in mid-1982), virtually no stations increased their news programming or staff, while not many cut back, either. But fully 8 percent of stations diminished their public-affairs staff or time.

No surprise there. News is often reasonably popular, and if you limit the cold shower of reality to about 60 seconds at a time, the affronted auditor may not dial off in search of a more comforting setting. Public-affairs shows, which tend to be longer and appeal to a small, if loyal, audience, are often dull and nearly always consigned to poor time periods.

There seems to be something circular in stations airing tedious public-affairs shows at obscure hours, and then asking to be released from the obligation of carrying them because they have no audience. One might wonder, in all innocence, why they don't simply air interesting public-affairs programming at times when many listeners are awake. But the answer, of course, is that it's easier, cheaper, and less risky not to. And you can't exactly compel stations to carry programming that is thought-provoking, morally uplifting, etc.

So why bother? Why not liberate stations from this onerous responsibility? The FCC, with its passion for freedom, did just that. If 8 percent of the country's stations, as a consequence, cut back on public affairs, that's only to be expected. But apparently, it's also embarrassing, at least if you're a news director—thus the RTNDA's reassuring headline. Because if news directors won't stand up for public-affairs programming, who will? J.T. ■

The Rise of the Secaucus 'Nine'

WOR-TV has had a miraculous metamorphosis. In one quick stroke it was transformed from the lowest-rated commercial television station in its market to the highest-rated VHF station in its entire state. The trick was achieved simply by changing the station's address from New York City to Secaucus, New Jersey. In New York the competition is fierce; in New Jersey, well, there aren't any other commercial VHF stations.

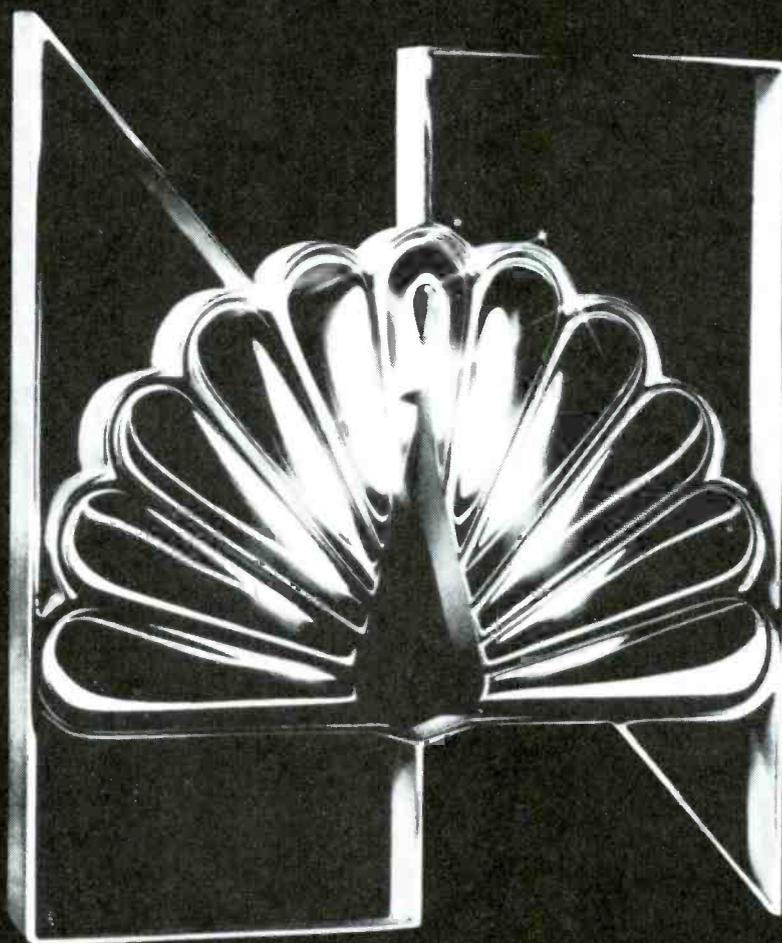
While this would seem a marriage made in heaven, it was actually made in Congress, and by shotgun. WOR-TV was about to lose its license over certain improprieties committed by its parent company, General Tire and Rubber Company, at just the time the New Jersey delegation on Capitol Hill was demanding a VHF station for the state. A deal was struck, and WOR-TV stayed alive by moving across the Hudson River. New Yorkers scarcely

notice the change, since the station retains its old position at channel nine on the dial and still broadcasts to the same area as before, but from Secaucus. The practical difference is that WOR-TV has a new constituency.

When the station attempted a newscast in New York, it was beaten bloody by the competition. Now, however, when it starts a New Jersey newscast in prime time this fall, it is likely to draw a significant audience, because the residents of northern New Jersey make up about a third of the New York television market. WOR-TV now has a piece of that market all to itself, and the transfer turns out to be a very good deal indeed.

With New Jersey accommodated, Delaware is left as the only state in the union without a commercial VHF station. That presents a lovely option for any Philadelphia station in need of salvation.

L.B.



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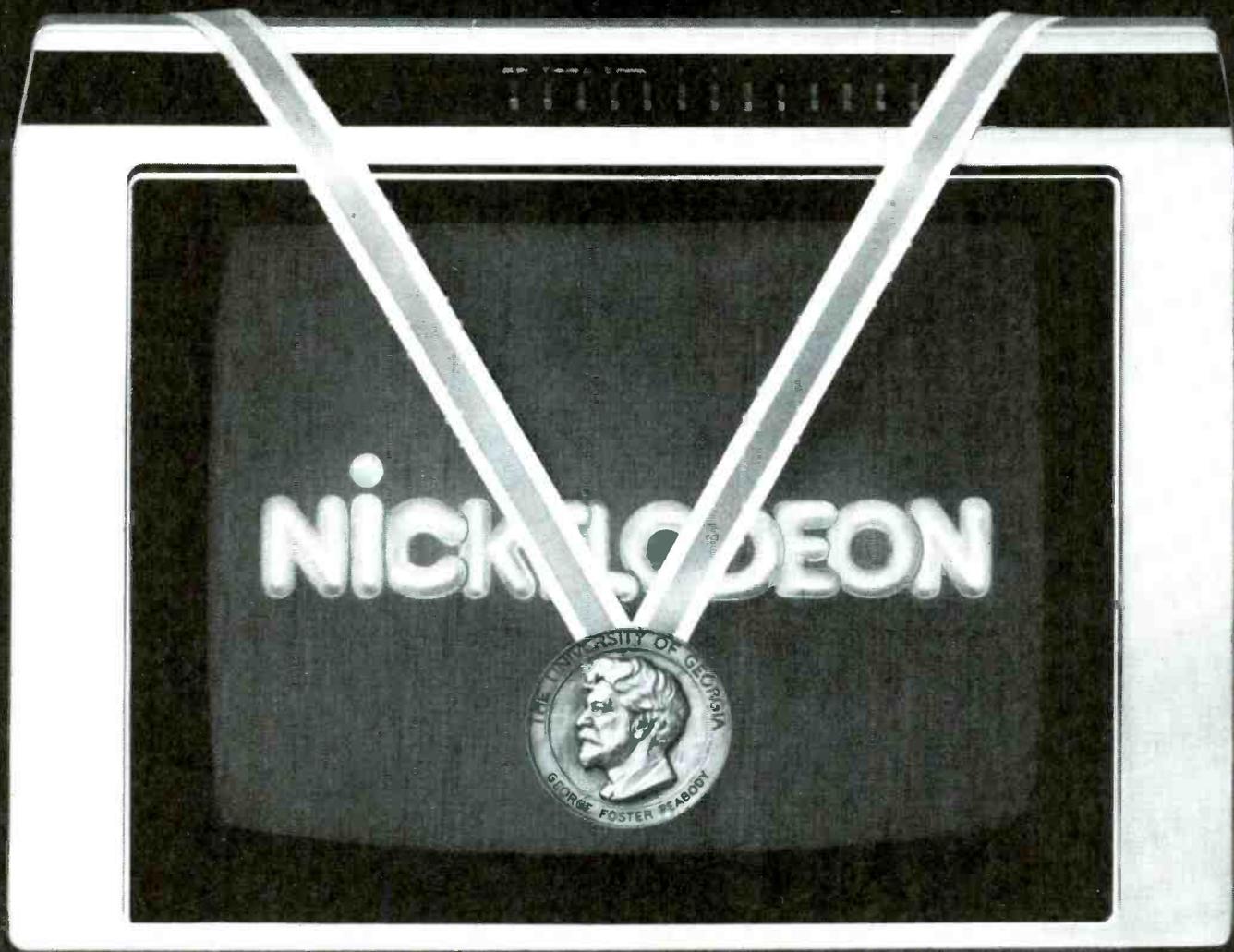
It is given to radio and television programming that reflects even more of a commitment to quality and excellence than to popularity and commercial success.

In the past, the Peabody Award

has been given to such outstanding shows as *M.A.S.H.*, *60 Minutes* and *Hill Street Blues*. This year, however, the Peabody Board departed from tradition and gave an award to an entire cable television channel. Nickelodeon. The First Channel for Kids.

This is a time in which children's television is generally seen to be in de-

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cline. So the Peabody Board's selection of a cable channel devoted to children is particularly noteworthy. And they have recognized Nickelodeon as "one bright ray on the horizon which is rapidly developing into a full-fledged sunbeam."

There are more than 2400 cable operators who have recognized the

need for Nickelodeon over the years and now offer it to their subscribers. They must feel especially gratified by the Peabody Award. For it merely proclaims what they've always known. Nickelodeon is a winner.

NICKELODEON
THE FIRST CHANNEL
FOR KIDS.

When Entertainment Makes the News

WAS it coincidence that on the night the ABC network aired *Legs*, a movie about the Radio City Music Hall Rockettes, the network's flagship station in New York, WABC-TV, ran a news story about those same Rockettes? One would like to think so. But if the recent past is any guide, the coincidence looks more like a pattern.

It started in February with ABC's hit mini-series, *The Winds of War*. That same week, WABC's *Eyewitness News* ran a 12-part series called "The Path to War."

Was there a connection? The WABC press office says anchor Bill Beutel thought of the idea to commemorate the 50th anniversary of Hitler's rise to power. "Path" aired the same nights as *Winds* in order to take advantage of the avid interest in World War II stimulated by the mini-series. The strategy paid off in a ratings surge for *Eyewitness News*.

Seven weeks after the 18 hours of *Winds*, ABC weighed in with another mini-series, *The Thorn Birds*. If the line between news and entertainment is difficult to see at the best of times, ABC's handling of *The Thorn Birds* threw the very existence of a boundary into question. For this time it wasn't a local station that pillaged its network's prime-time schedule for news stories; it was the network itself.

On Palm Sunday, March 27—the first night of *The Thorn Birds*—anchor Sam Donaldson introduced the last story on ABC's *World News Tonight*: "The church is now faced with a number of questions involving original principles versus changing times. Rebecca Chase examines one of the most troubling—the question of priestly celibacy."

Chase reported that since 1965, 11,000 priests (one-fifth of the active ministry) have left the church, mainly because they wish to marry: "The National Opinion Research Center predicts that unless the celibacy law is changed by the year 2000, there will be a critical shortage of Catholic priests . . ."

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Is this news? NBC ran a "report" on "Country in the City" right after a country music special.

Chase's story was hardly news. The crisis facing the priesthood had been outlined in November 1982 at a widely covered meeting of Catholic bishops. Television news stories at the time, however, focused on the bishops' nuclear disarmament statement.

So why, on the evening *The Thorn Birds* premiered, was the story suddenly deemed newsworthy? ABC will brook no suggestion that it was timed to pump up interest in that evening's prime-time entertainment—which told the story of an Australian priest torn between God and Rachel Ward. "If you are looking to promote something," says ABC News vice president George Watson, "the last place you'd look to do it is the news division."

But just two days later, priestly celibacy had apparently become the subject of intense national debate. Following that night's *Thorn Birds* episode, in which priest Richard Chamberlain finally succumbs to the promptings of the flesh, Ted Koppel introduced a special one-hour

edition of *Nightline*: "*The Thorn Birds* stirs a national controversy with its story of a priest who breaks his vow of celibacy. How do churchmen see the issue of priestly celibacy?" The ever-scrupulous Koppel pointed out that the issue was not invented by ABC: "While that is at the heart of . . . *The Thorn Birds*, which has been drawing tens of millions of viewers on ABC Television these last three nights, it is one of those agonizing issues that are frequently debated within the Church itself . . ." Thanks to the huge audience flowing from *Thorn Birds*, that special edition of *Nightline* attracted double—and in some cities, triple—its normal audience.

Says Watson: "On an occasion when an entertainment event heightens interest in a particular topic, there is greater editorial justification to seize it when the interest is high. . . . The topic was out there. You're quite right in saying that we placed it out there. I see nothing wrong with that."

A lot has been written about the impact of ABC's recent mini-series on network programming strategies. But the influence of *Winds* and *Thorn Birds* appears to have reached beyond the entertainment divisions into network and local news departments, where executives look to boost ratings by tying news coverage to the latest prime-time extravaganza. NBC's New York flagship, WNBC-TV, recently ran a series of newspaper ads inviting us to tune into an "all-star evening," which began with the Country Music Awards and segued straight into an 11 o'clock news report "on the state of Country in the city."

When television explores issues on the national agenda, it performs an invaluable public service. But what happens when the prime-time schedule sets the agenda for news departments? Says George Watson: "Our credibility is our most important asset. If the suspicion is abroad that our news judgment is determined by our entertainment programs, then we're in a hell of a lot of trouble." ■

MICHAEL SCHWARZ

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THREE DEVELOPMENTS of overriding technological import in the history of television have had a profound effect on every aspect of the medium, from programming to advertising. The first was the introduction of all-electronic television, which converted the medium from a peep-show curiosity to a provider of entertainment, information, and advertising. The second was the addition of color, and the third was the invention of a practical videotape recorder. To these milestones, the last of which was reached more than a generation ago, some would add the relaying of programs by satellite.

But now, for the first time, we can clearly foresee a technological change more basic than any development since the introduction of all-electronic television, and almost equally significant.

That development is digital television, or the computerization of the television system from studio to home.

Our current television system, like most electronic communications developed before the computer age, is an "analog" system. This simply means that its information is conveyed in a manner *analogous* to the information itself. Variations in brightness of the picture from black to white, for instance, are directly analogous to increasing amounts of voltage in the signal.

These analog representations are inherently imprecise. What's more, they're subject to all kinds of outside influences. One of these is atmospheric interference: An electrical storm results in high-voltage discharges in the atmosphere, which completely disrupt the AM radio signal. We hear the disruption as static. The analog television signal is subject to distortion and rearrangement even before it leaves the studio, as well as in the transmission process, over the air, and in the home receiver. When the signal becomes too weak it gets lost in "snow."

Digital transmission, in contrast, is mathematical and precise. It's usually based on a binary code, in which the picture information is sent as a series of "on" and "off" signals, ignoring all variations in between. These on-off signals, sent at extremely high speed, are generated by a master computer (the television station) and tell the slave computer (the television set) exactly what to do. The system simply ignores extraneous voltages, frequencies, currents, and the like,

David Lachenbruch is the editorial director of Television Digest.

DIGITAL TELEVISION— THE GREAT LEAP FORWARD

The switch to digital is already underway. The new system will provide a flawless picture, make world television a reality, and turn viewers into video engineers.

by David Lachenbruch

because they're not in this on-off language. There should be no snow at long distances—the television set either gets the full picture or nothing.

An almost incidental benefit of digital technology is that it will provide television with a second chance. Video engineers around the world are determined that this reinvention of television replace today's three basic incompatible color-television systems—NTSC in the United States, parts of Latin America, and the Far East, PAL in Western Europe, and SECAM in France, Eastern Europe, and parts of the Mideast—with a single transmission standard. International engineering bodies have already agreed on specifications for that standard, which will make possible worldwide digital signal transmission via satellite.

At first glance, a changeover to a com-

pletely different technical concept of television, incompatible with any of the world's nearly 30,000 television transmitters and half-billion home sets, would appear to be a monumental task. Even to many otherwise well-informed industry people, the mere mention of the transition to digital television conjures up nightmares. In fact, the transition is unlikely to be a trying one. It is already under way, and could be completed in a decade or so with a minimum of inconvenience. Although ultimately digital television will involve a complete change in the world's broadcast standards, it can be phased in gradually, providing increasing benefits as each link of the studio-to-viewer chain goes digital. These changes will considerably ease the final wrench—the actual conversion of the system of transmission to homes into computer language.

There are actually three separate links in television's chain. The first is the generation of the picture in the studio, the second is the actual transmission, and the third the recreation of the picture by the home television receiver. Links one and three are going digital at an increasing rate. Neither process inconveniences the home viewer in any way. At the same time, systems for transmission to homes are being developed. When transmission changes from analog to digital, the transition to a true digital system will be complete. This process is expected to be gradual, and will include a period of transmission in both analog and digital modes to avoid rendering home sets obsolete. But even before digital transmissions begin, many sets in use may well be designed to receive digital as well as analog signals.

A series of gadgets known as A/D and D/A converters will insure a relatively smooth transition. (The symbols are shorthand for analog-to-digital and digital-to-analog converters.) They will always be used in some form, because certain parts of the television system must remain analog: the microphone, the pickup device in the camera, the picture tube, and the loudspeaker. We simply don't talk or see or hear digitally. And these converters can be used temporarily in other parts of the transmission chain, as digital circuits are increasingly integrated into it.

The incorporation of digital technologies is proceeding rapidly at studios; many special-effect and switching systems already are largely digital. Digital frame-storage systems, now beginning to

replace slide projectors, can store hundreds of thousands of still pictures on small magnetic discs for virtually immediate access. These systems are used on most network broadcasts of sports events. Digital "video art" systems are coming into use, generating a variety of special effects never before possible.

Many companies, including Ampex, Bosch/Fernseh, and Sony, have already demonstrated digital recorders capable of reproducing pictures indistinguishable from live ones. Hundreds of generations of copies can be made from digital video tapes with no loss of quality.

Within the next two to five years, all major broadcast studio functions could be digital. An A/D converter will change the analog signal emitted by the camera's pickup tube to a digital one. The digital signal will then go through all "processing"—switching, amplification, special effects, recording, and playback—before being fed to a D/A converter and transmitted to homes.

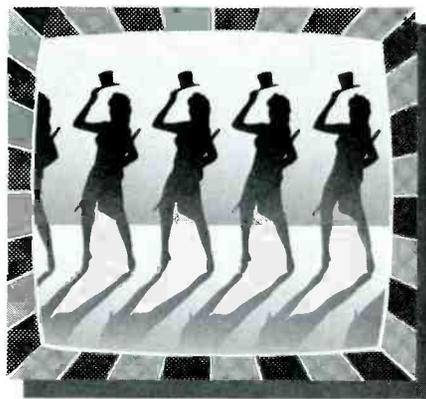
Digitization of the broadcast part of television has received more public attention than the work being done on the home set, because set manufacturers and their suppliers are more secretive. Recent disclosures of work in progress on digital television sets indicate that the revolution in the home—which will be more obvious to viewers—is close at hand.

Some of today's deluxe color television receivers already rely heavily on digital circuits: Tuners are being replaced by mini-computers, and other circuits, including horizontal and vertical synchronization and some picture-improving systems, are also digital. But a great leap forward is promised within the next year. ITT Intermetall, an American-controlled German semiconductor company, has developed all of the components and circuits for a true digital television receiver that will work with today's broadcasting systems and can be produced as early as 1984. In the United States, Zenith and General Electric are working with the ITT circuits, and several Japanese and European set manufacturers plan to go digital soon. ITT hopes to produce enough circuits this year to build 250,000 digital television sets and step up to the millions in 1984.

The new design is based on very large-scale integrated-circuit chips, or VLSIs (Intermetall says that eventually only one may be needed), which perform the functions of 250,000 separate transistors. Since this digital receiver will require far



Current TV reception is distorted by many outside influences. The computerized set of the near future will receive signals exactly as they are transmitted.



fewer parts and production steps, Intermetall claims that the new set won't cost any more than a conventional one at first, and that the price could drop sharply as production increases.

The television receiver/computer of the near future will provide many of the advantages of digital television even before the first digital signal is transmitted. The TV set can be programmed to accept television signals of any world standard automatically, thereby surmounting world television's biggest barrier—lack of transmission compatibility. By the same token, it will be able to accommodate signals from any video-cassette recorder or video-disc player, regardless of color television format or standard. But the incoming signal doesn't even have to

be PAL, SECAM, or NTSC. It can be encoded in a nonstandard manner, and the computer can be programmed to break the code.

The immediate benefit of the digital set will be the elimination of flicker and ghosts. Flicker isn't a major problem in the United States, but it is in other countries, whose systems transmit fewer pictures per second than the American system does. The digital set can easily stop flicker by inserting more pictures. It can eliminate ghosts by selecting the strongest signal and canceling out any weaker ones. Similarly, computer techniques can eliminate snow and interference, even with standard analog transmission.

While there have been many public discussions led by CBS and several Japanese firms about proposed new television standards for high-definition pictures, proponents of digital television systems think the present NTSC color system can be a basis for "compatible high-resolution TV." Although not allied with ITT, RCA is working on its own digital signal-processing system, and foresees increased picture resolution as one of its immediate benefits.

In addition to better pictures, the digital set can give the viewer unprecedented control over what goes on his screen. For example, with a specially equipped set the hand-held wireless remote-control unit can stop the picture at any time, producing a stock-still full-frame image. The viewer can also make almost any number of channels appear on the screen simultaneously—sembling perhaps six separate little television pictures in two neat rows of three. Or he can superimpose one channel in the corner of the main picture in order to follow the progress of a football game while watching a movie. He can tinker with the background of the picture, wash it out completely, change colors at will—only the imagination of set makers will limit these special features.

The new set will be able to accept digital as well as analog inputs in anticipation of the change to digital television transmission. Since it can understand computer language, it can be connected directly with the home computer.

Thus, both the transmitting and receiving portions of the world's television systems are rushing to a rendezvous with digital. Many advantages of digital television can be realized even before the last link—the signal from transmitter to home—is completed. When this happens, television will truly have been reinvented. ■

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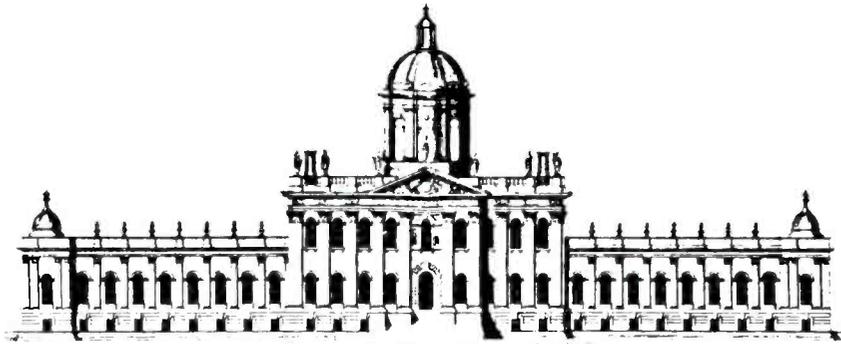
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CBS's Longest War: Col. Herbert v. '60 Minutes'

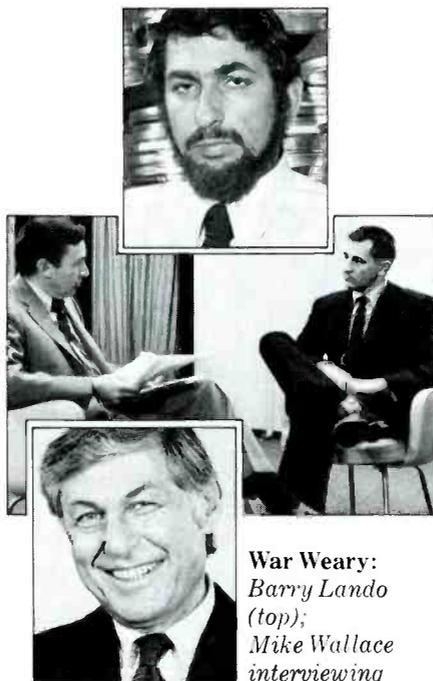
by Robert Friedman

NEXT JANUARY will mark the 10th anniversary of one of the longest-running courtroom dramas in television history—Lieutenant Colonel Anthony Herbert's real-life, \$22.5 million libel suit against CBS. At a time when the network is preoccupied with another, more recent defamation action brought by retired General William Westmoreland, the Herbert case continues to tick away like a slow-fuse time bomb.

Like the Westmoreland dispute, the Herbert controversy swirls around events that occurred—or did not occur, depending on whom you believe—in Vietnam. Herbert, a much-decorated soldier, received considerable notoriety a decade ago when he accused high-ranking Army officers of covering up atrocities committed by American troops. In February 1973, *60 Minutes* broadcast a story called "The Selling of Colonel Herbert," debunking many of these allegations and suggesting that Herbert himself may have taken part in acts of brutality against the Vietnamese. Eleven months later, the then-retired lieutenant colonel fired his opening legal salvo.

In the more than nine years that have passed since then, the case has already been up to the Supreme Court once on a pretrial motion, and has generated one of the most massive paper battles in the annals of libel law. Thousands of pages of documents, affidavits, and legal briefs have been exchanged between the combatants. The deposition of one participant alone—Barry Lando, the show's producer, who was interrogated by Herbert's attorneys at 28 lengthy sessions—runs to more than 3,000 pages. Correspondent Mike Wallace, *60 Minutes* executive producer Don Hewitt, and former CBS News president William Leonard were questioned exhaustively

Robert Friedman, former editor of MORE magazine, has been following this case since he first wrote about it in 1977.



War Weary: Barry Lando (top); Mike Wallace interviewing Anthony Herbert, and Don Hewitt (left)

about their editorial judgments concerning the show. In addition, the network turned over the notes of interviews with more than 130 people; the video tapes and transcripts of all filmed interviews; research materials gathered during the course of Lando's 18-month investigation, and all in-house memos and correspondence pertaining to the broadcast. Herbert, too, joined the fray, providing CBS lawyers with some 12,000 pages of documents obtained from the government under the Freedom of Information Act. Although no precise cost figures are available, Mike Wallace estimated last summer that CBS had already spent more than \$3 million defending itself in the case.

Hard as it may be to believe, *Herbert v. Lando* is just now nearing completion of the preliminary stages of a libel action. Last September, eight years after the litigation began, CBS filed a motion for summary judgment, asking that the suit be dismissed before trial on the grounds that

Herbert had failed to make a prima facie case of actual malice on the part of *60 Minutes*—that is, that he had failed to prove Lando and Wallace had knowledge of the program's falsity or had acted with reckless disregard for the truth—and that therefore there was no issue of fact for a jury to decide. The network submitted 23 affidavits, including 16 from people who had been interviewed for the program, testifying to both the thoroughness and accuracy of Lando's investigation.

Herbert's lawyers responded in late January with a 282-page brief, accompanied by 25 affidavits, detailing what they believed was a clear and convincing pattern of reckless journalism. Lando started out with "predetermined conclusions," the brief claimed, and allowed himself to be manipulated by Army officials intent on undermining Herbert's reputation. He rejected information favorable to Herbert, relied on people whose credibility was questionable, failed to interview key witnesses, violated CBS's own standards of conduct, and presented statements known to be false. At the very least, the lawyers argued, this added up to a substantial enough disagreement to preclude dismissal of the case.

CBS shot back in March with renewed vehemence, charging that Herbert's case was based on "extraneous affidavits, tortured evidence, and inconsequential documents," that it focused on issues never addressed in the program, and that it amounted to little more than a "campaign of legal harassment and vilification from an embittered public figure."

Federal District Court Judge Charles Haight, who has presided over the case since the beginning, is expected to reach a decision on the CBS motion within the next few months. According to one of his clerks, he has not yet determined whether to hear oral arguments, but otherwise the issue is "ripe for decision." Rotten would be more like it. That it could take nearly a decade for a summary-judgment motion to be heard in a

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libel case is indicative of the tangled state of defamation law today. And *Herbert v. Lando* is just getting underway.

Pamela Ostrager, an attorney with Coudert Brothers, which is handling the case for CBS, and Jonathan Lubell, who represents Herbert, are both confident of victory on the question of summary judgment. But whichever side wins the battle, the war is far from over. If Haight rules in the network's favor, his decision can be appealed—all the way to the Supreme Court if need be. If he rules in Herbert's favor, his decision is not appealable under federal rules of procedure, and a trial would then commence. Of course, whoever loses the trial can appeal. Thus, *Herbert v. Lando* could conceivably wind up in the Supreme Court three times before it is finally adjudicated; in all likelihood, barring an out-of-court settlement, neither side will be able to celebrate victory for many years to come.

Like *Jarndyce and Jarndyce*, the fictional Chancery case in Dickens's *Bleak House*, *Herbert v. Lando* "has, in the course of time, become so complicated, that no man alive knows what it means." To wade through some of the affidavits and legal papers filed by both sides, 14 years after many of the events in question took place, is to become bogged down in a quagmire of shifting accusations. Was Herbert relieved of his battalion command in Vietnam and eventually drummed out of the Army because he attempted to report war crimes, as he has steadfastly maintained, or did he only bring up the issue months later in order to cover up his own sordid record of brutality, as *60 Minutes* suggested? Did Herbert report an incident known as the "St. Valentine's Day Massacre" to his immediate superior, Colonel J. Ross Franklin, as he contended in his book *Soldier*, or was Franklin in Hawaii at the time, as Mike Wallace stated on the show? Was Herbert a liar, as Lando concluded, or was CBS distorting the truth?

On the face of it, CBS would still seem to have a lot of explaining to do. Why, for example, did Lando include Franklin's categorical denial that Herbert had reported war crimes to him, but omit Franklin's tempering admission—during a second filmed interview—that he would often "tune out" when Herbert was talking?

The answers to these and other questions may have been lost forever on the battlefields of Vietnam. Although truth is still the best defense against libel, it is also, as the aphorism goes, the first casualty of war. One day a jury may have to pick its way through these old minefields. In the meantime, two weary combatants continue to slog through the jungles of the American legal system. ■

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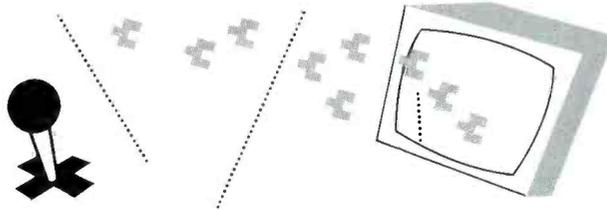
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Video Games: Dial-a-Pac-Man

THE NEWEST wrinkle in the computer-software market, "tele-delivery," promises to turn the home computer into a video-game arcade. Computer owners will be able to order up a wide variety of games—or other kinds of programs—by phone, and pay for them by credit card. The new formula may make deep inroads into the \$2 billion retail



software market.

Major video-game makers, such as Warner Amex (owner of Atari), Playcable, and The Games Network, are currently working on "pay-per-play"

schemes. All of them depend on the computer's ability to transmit coded data to a terminal, where it will be unscrambled into Pac-Man or Donkey Kong—or a home accounting

program.

The principal problem with the game idea, according to an industry insider, is that no one has decided on the proper system for charging customers. They might charge a quarter per game, as arcades do, or a dollar for each hour of play. In either case the user won't be billed until the end of the month, thus affording a pleasurable, if temporary, painlessness.

Cable: Stop 'n' Shop for All Services

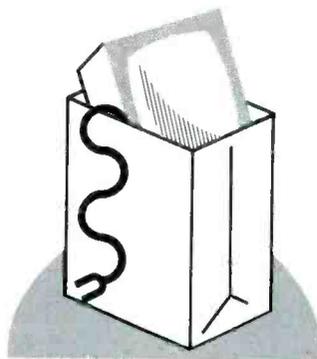
CABLES door-to-door sales technique may soon become a thing of the past. Viewers in Austin, Texas and Denver, Colorado can now purchase cable service, equipment, and programming in a cable store.

"What we have done," says Karen Alexander of Austin Cablevision, "is give cable shelf space and then sell it like any other retail product. You walk into the store and buy what you want"—including cable service itself. Then you may want a stereo hookup for

your television set. You can buy it, and with the aid of a simplified instruction manual, install it yourself. It sounds a good deal less taxing than waiting for hours on the phone to get through to the local cable company, and then waiting again at home to have the equipment installed.

Viewers looking to vary their programming can walk into Austin's cable store and examine available services on a television set. They can buy an HBO converter or one providing Showtime.

The Denver store has even branched out into cable para-



phernalia. The store sells ESPN jerseys, MTV jackets, HBO mugs, CNN lighters, and many other accoutrements for graceful viewing.

Video Cassettes: Mini-Theaters Open to Mixed Reviews

PERHAPS the last surviving advantage of movies over television is that people like viewing in a strange place, with strangers. Now even this difference is being eclipsed. Two companies in Erie, Pennsylvania now rent video cassettes, as well as screening booths, to small groups of viewers.

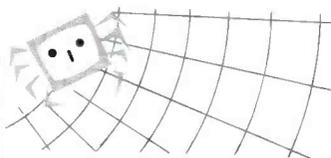
For fees ranging from \$5.95 to \$8.95, says American Video Exchange (AVE) president John Leonard, you can rent a screening booth (he plans to build as many as 50) furnished with a TV set, a couch, a couple of chairs, and popcorn. Leonard notes that the mini-theater has proved popular among teenagers and says he is thinking about setting up a national franchise.

The Hollywood studios, however, are not amused. Eight of them are suing AVE's sole competitor, Maxwell Video Showcase, to extract license fees from it—or close it down. Leonard's response: "Since the performance is private, for fewer than six people, we do not think we have to pay anything."

Interactive TV: Warner Amex Nets Viewers

WARNER AMEX Cable, which pioneered interactive cable TV, has created the first national interactive network. Viewers in half a dozen cities can now simultaneously express their views on programs or products. Advertisers will be able to reach viewers in all six cities at once.

The new satellite-connected network, which debuted in May, knits together Warner systems in Columbus, Cincin-



nati, Pittsburgh, St. Louis, Dallas, and Houston—reaching 210,000 viewers in all. The network consists of two daily shows lasting a total of 90 minutes. *Soap Scoop* allows viewers to sound off on soap operas, while *Qube Games* offers interactive quizzes.

The network lets Warner save on production costs by

reaching all its interactive systems with a single program; as new systems come on line, they will be included in the network. Even better, the increased audience may induce advertisers to buy time, so they can use the interactive capacity to conduct demographic research on their products. It's no coincidence that the network's first program bore the title "... And Now a Word from Our Sponsor," and allowed viewers to vote for the next face on the Kellogg's Corn Flakes box.

“The biggest and most pleasant surprise in our survey...consistently the most enterprising, the most alert, the most newsy of the Morning Three, combining good television with good news judgment.” *TV Guide 5/21/83*



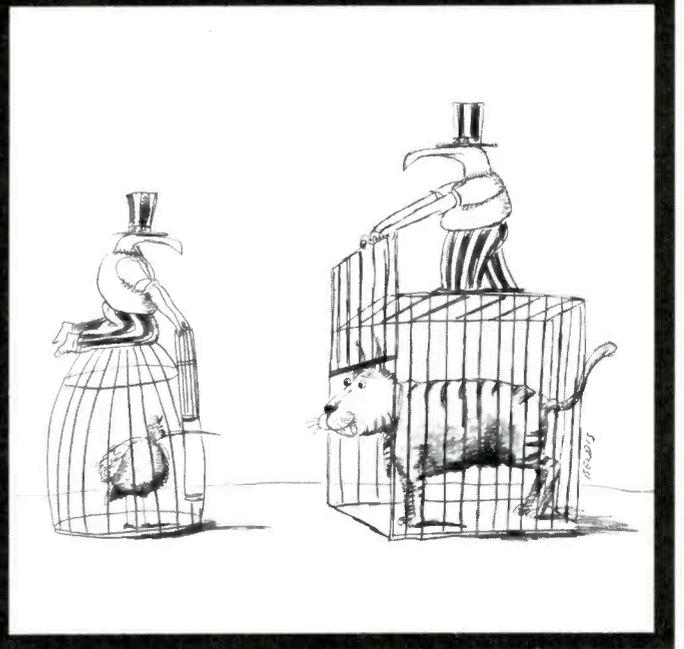
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NBC News

The Coming Showdown Between Cable and Broadcasting

by Les Brown



WHEN I WAS IN COLLEGE, people who didn't believe in laws were called anarchists. Today they're called conservatives. The anarchists were considered dangerous, but conservatives are quite respectable. Somehow I got left behind in this curious switch. I still think people who don't believe in laws are dangerous.

I'm abashed to discover that belief in the importance of laws protecting the people and preserving our democratic principles—which is just plain old traditionalism—is regarded in some circles of government and industry as wild-eyed radicalism. Even to suggest, as I frequently have, that it may be reckless to deregulate broadcasting on the misguided notion that competition is wide open in the electronic marketplace, or to cite the risks in our *laissez-faire* policies for the new communications environment, or to oppose the local cable monopolies' claim to "full First Amendment rights" that would deny everyone else's free-speech rights, is to be considered by some an enemy of the system.

A few months ago I expressed my views in a forum where I shared the platform with a member of the Federal Communications Commission. When I spoke critically of the FCC for favoring business interests over those of the public in its drive towards deregulation, the commissioner jumped in and, waving an angry finger at me, shouted, "I know your kind!"

My kind are clearly not his kind—true believers in the law currently ranked above civil law: the law of free markets. I wouldn't rush, as he would, to dismantle a regulatory structure built up by lots of good minds over a period of 50 years, strictly on one President's faith in a certain economic ideology.

The true believers also revere the First Amendment differently than we traditionalists do. They feel the First Amendment belongs to CBS News, Random House, *The New York Times*, *Esquire*, the Cable News Network, and the cable interests: we feel that none of these organizations existed when the Bill of Rights was written and that the free-speech/free-press amendment was meant for the *people* of the United States.

During a recent visit to Ohio State University, I heard a student ask a professor if he thought the First Amendment would have been written differently today, to include the free-speech

rights of corporations. The professor replied glumly that if the First Amendment were written today it would never get passed.

BACK WHEN the FCC thought its purpose was to create rather than eradicate regulations, the cable and broadcasting industries battled constantly to extract some advantage for themselves from almost any new rule under consideration. But things are quiet on the Potomac front these days. The enemy camps have turned their energies to securing complete First Amendment rights from an Administration eager to free these media from any government oversight. Lobbyists for both industries are working feverishly to accomplish as much as they can during the next 18 months—cable to gain liberating legislation from Congress, broadcasting to speed up deregulation at the FCC—lest a new

Deregulation will upset the delicate balance between the two industries.

Administration arrive in 1985 to change the climate.

But this is just a temporary peace. The war is sure to erupt again with a fury when the FCC, in mechanically discarding the existing regulations, gets around to the one directly affecting the relationship between the broadcast and cable industries.

The rule that maintains this delicate balance is known as the "must-carry" rule. If the FCC should toss it out as part of the everything-must-go sale, it will place the future of broadcast stations in serious question and create a media monster of cable. Yet even if the FCC should realize this and decide to preserve the must-carry rule by reason of sanity, cable interests might well seek legislative and perhaps even judicial recourse, claiming the rule infringes on their First Amendment rights.

On its face, the must-carry rule is neither complicated nor problematical. It merely requires that cable systems carry all local television stations that are "significantly viewed" in the

Keith Bendis

immediate area or that are located within 35 miles of the cable transmission center. That seems reasonable enough, especially at this early stage in cable's development, when it can be safely assumed that all cable subscribers want to be able to receive the local television signals.

But it gets complicated. A cable system in the Westchester suburbs of New York City has to carry four public television stations—two from the city and one each from Long Island and New Jersey. Not only do the four sometimes duplicate programming, but none is aimed at the mass audience; some cable operators consider that a waste of channel capacity. Operators in lily-white suburbs of other cities resent having to carry Hispanic- and black-oriented UHF stations intended for inner-city residents.

The question of deregulating must-carry cannot sit indefinitely on the FCC's back burner. Turner Broadcasting System Inc., Ted Turner's company, petitioned the commission in 1980 for a proceeding to eliminate the rule. The issue could soon be forced by a small cable company in the state of Washington. Quincy Cable has gone to court hoping to nullify a \$5,000 FCC fine for its refusal to provide three Spokane stations to its subscribers; it chose instead to bring in stations from Seattle which, it contends, hold more interest for its community. Quincy's argument cites not only the First Amendment but also the Fifth, which covers the taking of property without compensation. The cable operator argues that the channel capacity of a cable system represents his property, and that the must-carry rule deprives the property owner of the right to decide how it may be used.

The must-carry rule is also challenged by new developments in technology. In the last few months the FCC has come up against the problem of how to apply must-carry to teletext and low-power television. In both instances the commission decided that these new forms of broadcasting should not be forced on cable systems, a ruling that effectively hobbles their development. Promoters of teletext have threatened to take the issue to court, asking why exceptions to must-carry can be so casually adopted when the rule is so specific.

The case for tossing out the must-carry rule makes absolute sense to the adherents of free-market principles, who include most present members of the FCC. If it is wrong for the government to tell a broadcaster what to put on the air, then it is equally wrong for the government to maintain mandatory-carriage rules for cable.

The first stations to feel the effects of must-carry's elimination would be the smaller ones—public television, ethnic UHF's, and low-rated independents. But that's the game. Free markets are

not sentimental. If you can't hack it in the marketplace, you have no business being there.

Eventually the effects will extend to network affiliates, especially when, at some point down the line, they and the cable operators begin to compete for the same advertising dollar. Cable will have the best of all means for dealing with competitors: Black them out. If it seems preposterous that a cable system would risk harming itself by denying its customers the popular programs of ABC, CBS, and NBC, consider that it can provide those networks, even while blacking out the local affiliates, by importing stations from other cities.

When it comes down to money, as inevitably it will, the cable operator will logically choose the tenants that provide revenue over those that do not. So television broadcasters who today take for granted their access to audiences may find themselves paying monthly fees to secure their position on local cable sys-

'Full First Amendment rights' would place broadcasters at the cable operator's mercy.

tems. I think that even the broadcast industry's true believers might agree, in light of this doomsday scenario, that giving all media full First Amendment rights is not such a hot idea after all. For without the must-carry rule, the cable operator's First Amendment rights become larger than those of the broadcaster.

The First Amendment turns out to be cable's ultimate weapon in its impending showdown with the broadcast interests. Recently, when commercial broadcasters were busy lobbying the FCC to rid themselves of yet more paperwork and insignificant rules, the cable lobby was selling a bill of goods to the Senate—a bill known as S. 66—which, among other things, subtly redefined cable's First Amendment rights. The bill specified that cable was not a common carrier—meaning that it was free to choose what it would carry. And in a convoluted way, the bill effectively established that municipal governments could not force public-access or leased-access channels on the new cable systems, although the cable operators could volunteer to offer them in vying for the franchises.

At this writing, the bill has not yet cleared the House, but if Congress should decide that the cable operator's First Amendment rights are violated when he is required to provide public-access channels, an important principle will have been established. For the same argument will apply when he is obliged to carry the signals of local television stations against his will.

If the new cable liberation bill passes in the form in which it cleared the Senate, the broadcast industry is in trouble. Because even if the FCC decides to preserve the must-carry rule, as an exception to its trust in free markets, the legislative principle will have been established for the courts: The cable operator's right to carry what he chooses supersedes the broadcaster's First Amendment right to be received universally.

It's a tough world out there in the free market, but if you're a true believer, you've got to stay the course. Any station that wants to go the route with deregulation in a thoroughly cabled market has my admiration, by God. Any broadcaster who still believes in deregulation, knowing that its logical outcome puts his survival at the mercy of the cable operators, is my kind of guy. I'm strong on people who stand on principle, to the death. ■





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Reaching for Conquest

*Right now Ted Turner is being checked on every front,
but his ambition is boundless.*

by
James Traub

EVEN JULIUS CAESAR, they say, tarried by the banks of the Rubicon before making his fateful decision to march on Rome, unseat Pompeii, and gain the Empire. So perhaps Ted Turner may be excused if he has paused, for once in his prodigiously bold career, at the edge of broadcasting's Rome, where the three networks and a handful of other giant firms dwell. The troops, for one thing, need a rest; they've laid waste the outlying territories in scarcely half a decade. In 1976 Turner was a loudmouthed yokel with an independent station in Atlanta and a roomful of yachting trophies. Now the independent station, WTBS, appears in more households than any commercial programming service save the three networks; Turner owns two major sports franchises, the Atlanta Braves and the Atlanta Hawks; one of his two 24-hour news services, Cable News Network, seems ready to become cable's first profitable advertiser-supported service, and his company, Turner Broadcasting System Inc., is valued at more than \$350 million. Though the firm lost \$3.3 million last year, one analyst expects it to earn \$25.5 million in 1983.

Nothing remains but Rome, whose immortals Turner sometimes seems to want to destroy, and sometimes to join. But how to get there? "His answers tend to differ a little bit every day," says Robert Wussler, the president of WTBS. Last year Turner attempted a direct assault in the form of a fourth network, a campaign the Hollywood studios, whom Turner needed to produce programming, rudely

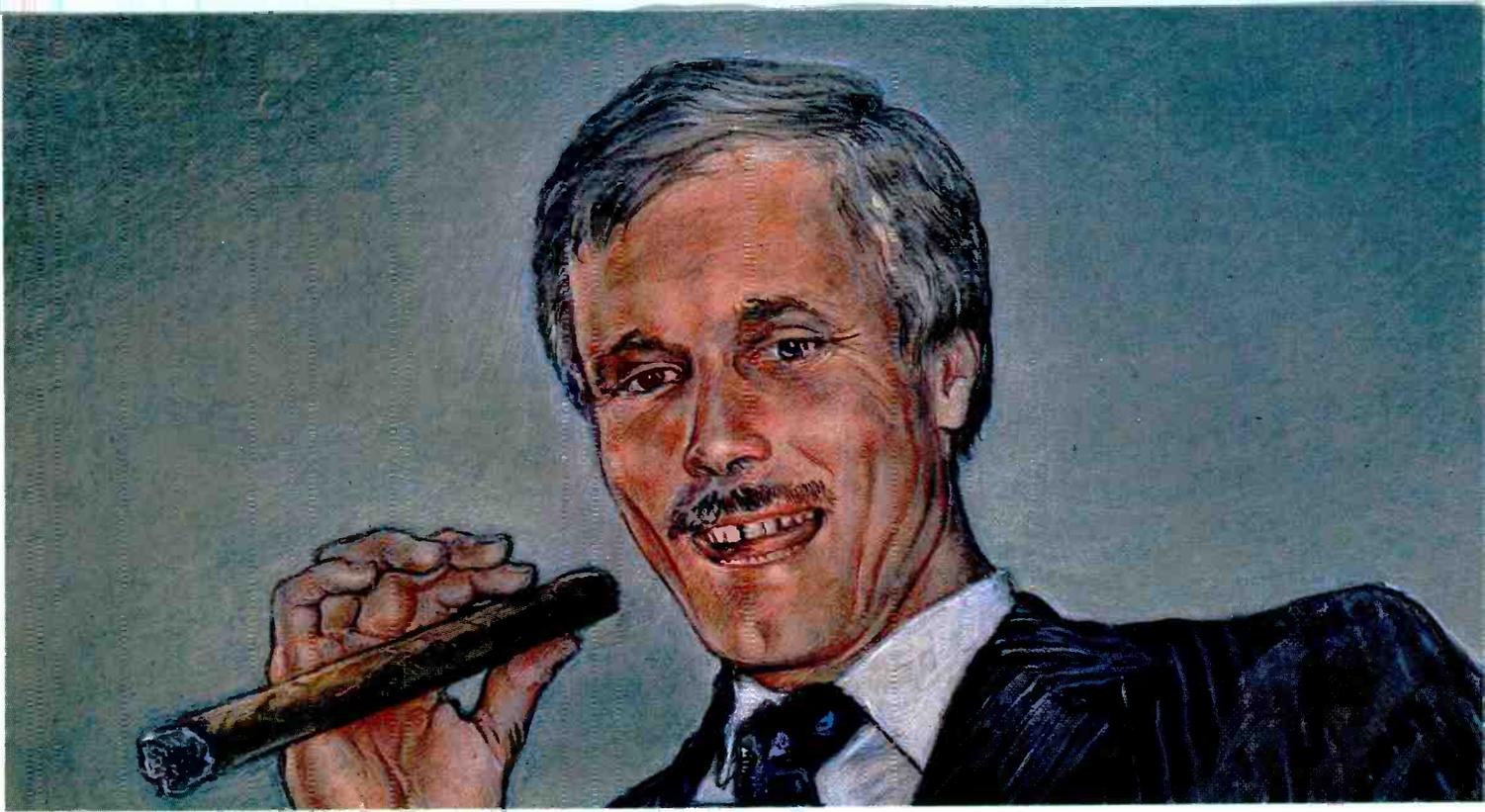
scotched. So this year Turner tried to resurrect the Trojan horse: He offered to merge his company into one of the three networks, or one of the other giants, with the thinly disguised, if highly optimistic, goal of gaining control over them. The networks weren't buying either. The Turner people are now scouting several other crossing points. A joint venture with a studio, or another broadcaster, or practically anyone with money, may be in the offing. And if all else fails, Turner can always wait patiently for WTBS to become a colossus.

Turner is, as a Hollywood executive puts it, "a player." But unlike the networks, he is a precarious player. WTBS supports all of his other ventures; if the "superstation" takes a direct hit, the whole ship could sink. And such a shot has been aimed at his bow, in the form of the Copyright Royalty Tribunal's decision to increase by up to 1,500 percent the royalties that cable systems must pay for the use of "distant signals"—local stations re-broadcast regionally or nationally—like WTBS. Rather than pay, some cable systems have simply dropped the less popular of the superstations. The top superstation may ride out the storm, but the CRT has momentarily stretched a cloud across the company's future.

So while Turner is reaching for conquest, disaster is circling up from behind. In this dramatic situation, as in other respects, Turner is cable television's ex-

emplar. With WTBS, he not only made his own fortune but gave cable operators something to offer viewers besides Home Box Office. As cable has matured into a stable and sizable element of the television industry, Turner, with his two news services, has become a solid citizen and a national figure. But cable's swift progress has been slowed by a series of obstacles: Major cities are not being wired, costs are growing prohibitive, and alternative technologies, such as direct-broadcast satellites, low-power television, and multipoint distribution services, are looking attractive. And cable entrepreneurs must answer another fundamental, if rarely posed, question: Is cable going to let some fresh air into the stifling chambers of our television system, or is it simply going to multiply infinitely the scores of movies, sports, and idle chat? Perhaps it's already too late to ask. But Ted Turner has yet to answer the question. He is the scourge of the networks, but he has spoken often—obsessively—of having a network of his own. No one can be sure whether he wants to bury Rome, or to praise it.

TED TURNER is possibly the world's leading exponent of the power of positive thinking. For an intelligent man he appears supernaturally devoid of self-doubt—the ideal form of the man of action. When he says, as he did recently, that "the networks are in stark terror of us," he means it, though he also means to convey to the listener the idea that he is an irresistible force. With this combination of certitude and hyperbole, Turner might have made one of the all-time great



buncombe artists, but he fell into legitimate business when, at age 24, he inherited a virtually bankrupt billboard business upon his father's suicide. Instead of unloading the company, as would have been prudent, he sold advertising space himself and made a fortune.

Turner's second major business venture seemed to be as lunatic as the first. In 1970 he spent \$500,000 for WJRT, a failing UHF station in Atlanta. Most viewers couldn't even receive UHF. Yet this woe-filled property, whose name Turner changed to WTCG and then to WTBS, proved a fit instrument for his powers of conviction and promotion.

"We were 12th in a five-station market," recalls producer R. T. Williams. "One of the other UHF stations went dark. Ted thought that we beat 'em, even though nobody was watching us, and he decided to throw a party on the air called 'Thank You, Atlanta.' Some of us said, 'But Ted, nobody supported us.' He didn't care. Well, it was the worst hour of television I ever saw, but it got us a lot of publicity." Williams is still slightly awed. "After you've been around Ted for a while," he concludes, "you think maybe he's getting an inside track."

Turner knew how to make something out of nothing—that was his inside track. Mere judicious tub-thumping does not, however, vouchsafe the cover of *Time*. Turner had something else that brought him out of the woods: the ability to Think Big. Turner knew he needed something special to boost WTCG above the competition, so he audaciously outbid the local ABC affiliate for the Atlanta Braves' schedule. Now hundreds of thousands of

Braves fans *had* to watch WTCG.

Turner was now big in a strictly small-time way. So he thought much, much bigger. He thought satellite. In 1976 Home Box Office began beaming its programming to cable operators by satellite, thus

Turner officials speak blithely of WTBS earning \$1 billion over five years.

forming the rudiments of the first cable network and offering a powerful challenge to network hegemony. Yet at first no one noticed. Turner had the vision to read the future. He had the recklessness and passionate faith to put his rag-tag collection of reruns, old movies, and Braves baseball on the satellite with HBO. And he had the exuberance and the hucksterism to turn his modest broadcast outlet into a war whoop—"Superstation WTBS." It was the mouse that roared. And by and by it was soaking up more than half of the industry's ad revenues.

Cable television and Ted Turner fell in love with one another. At the time, most cable operators were struggling, small-

town entrepreneurs in a flashy business. Yet they were also a new breed: They were going to challenge the three-network system as well as the cosmopolitan, liberal values the networks peddled. And Ted Turner was their man. He dressed badly; he cussed a lot; he liked corny shows, and he wanted to rescue from impending eclipse Main Street values like patriotism, straight shooting, and the traditional family. Turner threw down the gauntlet for all of them: He accused the networks of running "anti-American, materialistic, anti-family, anti-religion, anti-government programming." At otherwise sleepy cable conventions, Turner drew a packed house. He was a hero.

Meanwhile Turner was graduating from the role of jock celebrity. As the successful defender of the America's Cup in 1977, Turner had managed to perform a fair imitation of Tom Jones—a charming and incorrigible wastrel who left behind him a trail of bottles, blondes, and outrage. Turner offended with joy. In the meantime he bought the Braves, and then the Hawks. Turner jumped up and down, screamed, and poured champagne over his head on national television when the Braves won their division. He had even more fun playing toy soldiers with his teams. With the Hawks in a slump a few years back, he fired one of the announcers, Skip Caray. The team won a few games, and Turner declared himself the first person ever to right a team's fortunes by unloading its announcer.

But Turner was thinking bigger still. In 1979 he decided to develop a 24-hour news network. No doubt he could have found a more profitable use for his

money; Cable News Network was widely thought to represent an inadvertent bid for bankruptcy. But Turner wanted something more than money. CNN combined the piratical joy of invading network territory—the news—with the evangelical joy of bringing not just entertainment, but truth, into millions of American households. CNN was public service on a monumental scale. He declared the network's inauguration on June 16, 1980 "the most significant achievement in the annals of journalism." Ever.

CNN started off as an even greater fi-

Hollywood was not impressed with Turner's fourth-network bid.



ancial debacle than could have been expected. Turner tried to sell the network to CBS—a precursor of his current dealings—when he found it losing \$2.5 million a month. Yet he kept pumping in his dwindling resources, and in the last quarter of 1982 CNN, reaching 19 million households, turned its first profit.

As his first *succès d'estime*, CNN has legitimized Turner's pretensions to dignity and status. Richard Munro, the president of Time Inc., recently told a group at the University of Virginia Business School that CNN is "the finest news being dispersed today [on television]." Munro also cheered the fiercely competitive hearts at Turner Broadcasting by adding that the Satellite News Channel, the Westinghouse/ABC 24-hour service designed to wipe out CNN, was "lousy."

Turner has had very little to do with CNN's success save that he provided a steady flow of money, hired a highly professional staff, and kept his hands off them. Yet he has woven around the network the same aura of inevitable success that he spun around "Superstation WTBS." Shortly before he started CNN, Turner was invited to discuss his plans with a high-powered group of editors at *The New York Times*. Turner solemnly

informed them that they, and all other newspapers, were dead. Twenty-four-hour television news, with its continuous updating, would render them superfluous. The editors were put to flight; it was a rout. A reporter assigned to write up Turner's comments found that first one draft, and then another, was rejected. The *Times* was not about to announce its obituary in its own pages. A man who can make fools out of the editors of *The New York Times* is a man who can go a long way on the powers of persuasion.

Ted Turner is a righteous man, and he is deeply dismayed by the regulatory situation in Washington, especially as it touches Turner Broadcasting System Inc. "The rules in Washington," he proclaims, "are totally discriminatory" and "insane." Take the increase in copyright fees, for example. Turner is committed to right this injustice; he is obsessed with it. While other distant-signal owners have sat by, Turner has lobbied Congress, made speeches, and written articles in the trade press. The competitive wars have had to take a temporary back seat. "My campaign to improve the quality of television has received a serious setback," he announces, framed between a pair of WTBS Emmies that sit on his desk. He hawks a spume of tobacco juice past his lapel and into a wastepaper basket. "And I believe the people in this country are the losers."

Turner is carrying the ball for *the people*, mind you. WTBS has lost but 340,000 households to date; everyone at Turner Broadcasting insists that the superstation will emerge from its ordeal unharmed. Well, perhaps they're a little bit anxious. William Bevins, senior vice president for finance, concedes that the rate hike may "make it very difficult for a cable operator in a major market to carry WTBS." The CRT ruling allows large cable systems to exempt two distant signals, and small systems one, from the rate increase. But the Los Angeles area, as Bevins points out, has as many as nine regional stations; a cable operator might not exempt WTBS ahead of them. Turner himself appears to be plugging leaks wherever he can. After the Times-Mirror system in Springfield, Illinois dropped WTBS in favor of SNC—an especially unkind cut—the system president, John Gill, announced that "Turner Broadcasting has agreed to pay new copyright fees of \$127,000 so WTBS can go back on the air here soon." WTBS was restored (though a Turner Broadcasting official denies that any such deal was struck).

Turner is also indulging in the time-honored pursuit of pestering one's opponent with lawsuits. He has filed an anti-trust suit against Group W and the

Satellite News Channel for conspiring to keep CNN off systems owned by Group W. Bear in mind that SNC scarcely qualifies as competition. Ted Kavanau, who heads Cable Headline News (the CNN partner channel hastily assembled to beat SNC to the punch), calls his arch-rival "a phony network." It's the principle of the thing. Group W may indeed have violated an important principle in blatantly excluding CNN from, for example, its Manhattan franchise. The suit also demonstrates that success has not converted Turner to gentility. As Ted Kavanau, fire in each eye, says, "We're combative; we have to be. They're trying to kill us."

Turner Goes "Pro-social"

YET AS TURNER executes a swift pivot from wild Gaul to polished, formidable Rome, he seems to be searching for a less combative, more statesmanlike mien. He still looks like a prankish schoolboy rather than a 44-year-old plutocrat. He still berates interviewers, shouts from the bathroom located a long stretch of green carpet across his office, chews tobacco (when he's not smoking big stogies), hikes his shoes up on the desk, and arrays himself gloriously with the forces of truth and light. Yet he seems to be considering the utility of a new Turner, solemn, thoughtful, and responsible—a media dignity to whom a troubled nation can turn. Rumor has it that he is even readying himself for politics.

In a long, rambling, and philosophical interview Turner struck an uncharacteristic note of reflectiveness and moderation. Even his usual jeremiad against the networks had been tempered. In the over-amplified voice he uses when expressing sentiments suitable to an after-dinner speech, he spoke of growing older and gaining new perspectives. He had just seen *Gandhi*, which apparently put life in a somewhat new light. He praised religious tolerance. He praised racial tolerance. "I just think we ought to have political tolerance, too," he hymned. For a moment he seemed lost in unfamiliar territory. "I mean . . . why not?"

Of course the missionary streak has always run as broadly through Turner as the hellion. He may be the only commercial programmer in America who believes that television is a powerful moral force. "We are what we see," he says, and when we watch ugliness we become ugly. In Turner's mind the networks are guilty of a crime: "They'll put on anything, regardless of the content, and the only thing they're thinking about is how much profit it'll make them this quarter."

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Turner says he would never show *The Dukes of Hazzard*; he seems, however, to have an inexplicable soft spot for wrestling, which anchors the Saturday-evening schedule.

The old Ted Turner fought the mass debauchery of taste with "family programming"—reruns of *Leave It to Beaver*, *The Flintstones*, *The Brady Bunch*. Turner genuinely likes *Beaver*: so do preachers and WTBS's small-town viewers: so, apparently, does everyone at Turner Broadcasting. Even Turner's right-hand man, the young and polished Terry McGuirk, solemnly calls the show "fairly timeless right now." *Beaver* and other ghosts from the suburban Garden of Eden have made a lot of money for WTBS.

This brings us to the heart of what might be called The Beaver Problem. If Turner wants to rear a monument to himself in Rome, he must bring his principal source of wealth, WTBS, up to Roman



The snag in selling Turner Broadcasting is that Turner comes with it.

standards. Indeed, unless one of his other schemes works out, he will need an immensely profitable, sleek, and up-to-date WTBS if he is to stake his claim. Over the

next five years WTBS is projected to earn \$1 billion. This figure seems to have been chosen more for its roundness and its shock value than its plausibility (last year advertisers only spent \$200 million on all of cable), but Turner has gotten the last laugh before.

The sad fact is that the Beave doesn't cut much ice in high places. Prime viewers don't watch wrestling and reruns from 1962. So bye-bye, Beaver. The new Ted Turner speaks not of family programming but "pro-social" programming—family programming for today's family, nuclear or otherwise. Turner has disrupted WTBS's sleepy schedule with a whole series of programs of his own devising that are designed, in his words, to make WTBS "an upbeat network that is entertaining and informative and creates a positive impression rather than a negative one." There's *Nice People* and *Winners* (Continued on page 60)

The Fourth-Network Derby

THE FOURTH NETWORK is television's El Dorado, a land of infinite riches that foolhardy adventurers have sought but not yet discovered. No one has ponied up the millions needed for original programming, rounded up enough independent stations, and persuaded advertisers to divert their resources. CBS, NBC, and ABC seem to have a patent on the formula.

Yet the dream was suddenly transformed into a commercial opportunity in 1975, when Home Box Office demonstrated that a satellite, rather than land lines, could be used to link together a group of stations or cable systems. The satellite put any station with a downlink in the role of choosy shopper rather than passive recipient. And it had much the same effect on advertisers, program producers and, above all, viewers.

Yet new fourth-network pilgrims have been unable to put all of the pieces together. In 1977, Paramount Pictures spent almost \$50 million on the Paramount Television Service, an effort that died for lack of advertiser support. At roughly the same time, a group of television executives, including Reese Schonfeld, later the chief of the Cable News Network, tried to assemble a prime-time and noon-time schedule. This venture fell through, according to Schonfeld, when Harry Reasoner declined to anchor a two-hour prime-time news program around which the network was to have

been organized.

Speculation has grown intense since Ted Turner propositioned Hollywood last fall. An advertising agency, McCann-Erickson, has suggested that independent stations begin sharing two hours of prime-time programming a week. A studio, Paramount, has speculated about the possibility of distributing its own programs. A group of independent station owners, including such powers as Taft and Tribune Broadcasting, have banded together to buy and distribute programs. And Turner occupies yet another category—cablecaster.

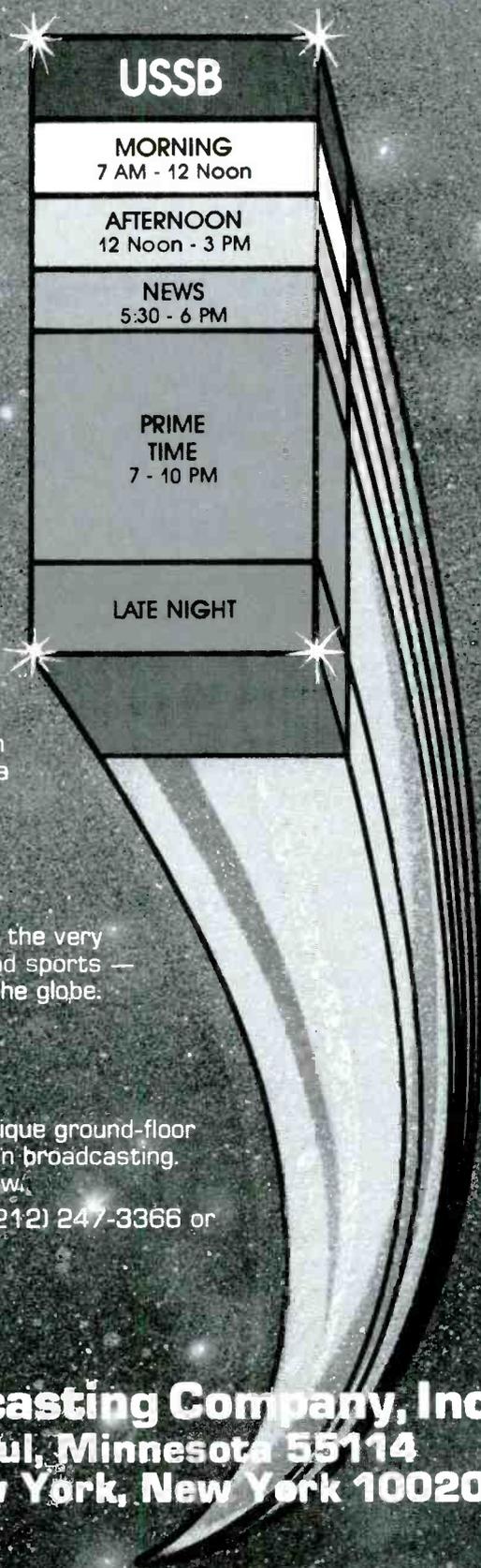
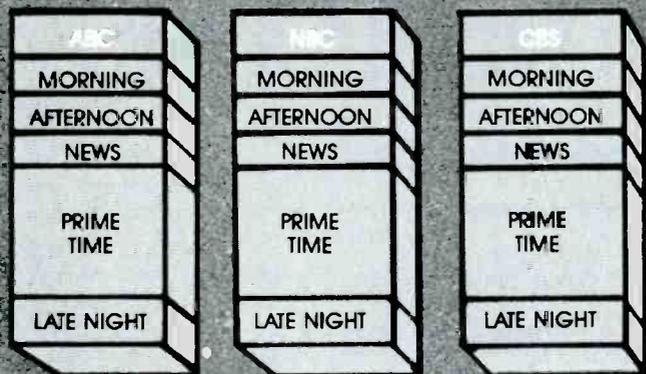
The most serious fourth-network noises at present are coming from Metromedia Inc. This leading station group is already distributing a 90-minute late-night program, *Thicke of the Night*, which is giving the venerable Johnny Carson a run for his money. According to Robert Bennett, president of the broadcast group, the company plans to distribute movies once a month, then once a week, then every Saturday and Sunday. If all goes well, an hour-long feature, and then more feature material, would be "backed into" the film. Prime-time news, which Metromedia already shows on its owned-and-operated stations, would complete the package. Bennett notes with elaborate courtesy that "we do not want to hurt the current network structure." He then pointedly observes that affiliate stations

have grown increasingly interested in new options, and might be lured into desertion with a sufficiently attractive deal.

Yet no one is talking about a full-blooded challenge to the three behemoths. "A full-time fourth network is fantasy," says John Reidy, media analyst for Drexel Burnham Lambert. Any new network is sure to bring together fewer stations for fewer hours than the current ones. However, possible variations on the network theme are practically infinite. "Ad hoc networks" temporarily assemble a group of stations to air a program usually lasting more than one evening—Mobil Showcase Network's *Nicholas Nickleby*, for example. Cable networks, superstations, and public television offer a full schedule of programming, but to a far smaller audience than the Big Three. Had Ted Turner's WTBS won the rights to the 1984 baseball schedule, it would have had a network-sized audience three or four times a week.

Any new organization of stations with strong programming threatens the three networks, both in their ratings and their hold over affiliates (a number of whom have found their way into ad hocs). Indeed, if some affiliate stations can be drafted into a fourth network to supplement the limited supply of independent stations with satellite downlinks, even for only several hours a day, the networks' current worry may grow into fear. J.T.

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Cable at the Crossroads

by Gary Rothbart and David Stoller

IT WAS A SCANT two years ago that the "wired society" seemed just around the corner. Cable television's march on the cities was in full swing, and the industry sizzled with the promise of new programming abundance, exotic non-entertainment services, and great fortunes waiting to be made. Home Box Office had demonstrated that millions of us were eager to pay for television by wire and, unfazed by a sour economy, cable operators were falling over one another for the right to wire America's cities. "Blue sky" was the term the industry coined to characterize its own extravagant promises: 100-channel interactive systems complete with lavish public-access facilities, home shopping and banking features, videotex, institutional networks, and even home security services.

Such systems have been installed in a few places—Pittsburgh, Portland, and Omaha, for instance—but today it seems increasingly unlikely that most of America's cities will follow suit any time soon, if ever. Cable's blue skies are showing distressing signs of cloudiness:

- Warner Amex, Times Mirror, United Cable, and American Television & Communications—two years ago the most aggressive seekers of franchises—have all stated publicly in recent months that they are no longer bidding for new franchises.
- Last December, Detroit announced it was accepting bids for the franchise to wire the city's 460,000 homes, and only three companies came forward. None of them had experience wiring a major market, and some experts doubt they have the resources needed to undertake such a project.
- CBS Cable and The Entertainment

Gary Rothbart and David Stoller are New York-based writers who cover the communications industry.

Reluctance to cable the inner cities has put the wired nation on hold.

Channel—both symbolizing cable's promise of a new kind of television—failed after less than a year.

- The ranks of America's unwired cities include, besides Detroit, the four outer boroughs of New York, two sections of Los Angeles, most of Philadelphia, all of Boston, Cleveland, Baltimore, Washington, Chicago, Denver, Sacramento, Milwaukee, Minneapolis-St. Paul, and St. Louis.

Few observers doubt that these cities will eventually be wired. The question is, how long will it take, and how good will the service be when it finally arrives? The delay in wiring America's cities has far-reaching ramifications. In the short term, it threatens the survival of dozens of cable programming services which, like CBS Cable, cannot expect to attract advertising before they can deliver the larger urban audiences that advertisers prize. In the longer term, the slowdown could have grave social consequences: According to one estimate, some 50 percent of all American blacks live in 20 uncabled cities. And even when these cities are wired, poorer black sections are likely to be cabled last, if at all, and possibly with second-class systems. The "wired society," when and if it finally arrives, may not be a very equitable one.

The souring of cable's love affair with the cities has many causes, but the most important has simply been the promise of too much too soon. During the franchising romance of the past few years, cable

companies seduced cities with extravagant offers that today seem ill-advised if not downright foolish. Most of the large multi-system operators (MSOs) found themselves committed to building a number of big urban systems at a cost of hundreds of millions of dollars each. Those investments, unavoidably, were financed at the stratospheric interest rates of the early '80s.

Now it appears these systems will take many years to turn a profit. The franchise in lower Manhattan, for instance, took 10 years to make a profit, and Group W's northern Manhattan system is, after 13 years, still in the red. In Atlanta, Cable America spent \$23.3 million to build a system it thought would cost \$13.6 million. Operating expenses in 1982 were almost twice what the company had anticipated. Understandably, many MSOs—as well as their Wall Street backers—are questioning the wisdom of extending themselves any further.

Daunting Expenses

ONE REASON for these escalating costs is theft of service, which has become epidemic in many cities—perhaps because it is so easy to tap into a cable line that passes right by an apartment-dweller's door. In New York, it is estimated, as many people steal cable service as pay for it. Showtime calculates that theft of service costs the industry \$289 million a year.

The cabling of urban areas entails all sorts of added costs: The architecture of many apartment buildings makes them more expensive to wire than single-family houses in the suburbs. The management of these buildings frequently demands pay-offs from the cable company before wiring can begin. Labor costs tend to be higher in the cities, where the work force is generally better organized. And fear of crime in the cities makes selling cable door-to-door much more difficult.

Selling cable in predominantly black

urban areas is an experience for which many cable operators may be unprepared. For example, very few cable salesmen are black. Says Bill Johnson, a black cable operator: "The inner city is risky for the MSOs, mainly because they go in there as foreigners. They may as well get passports."

City governments have also done their part to slow cable's march on the cities. In many instances, officials have exploited the franchising process for their own political gain. As Richard Aurelio, Warner Amex's senior vice president for government affairs, points out, big-city politics are much more complicated than politics in the suburbs. Franchise applicants find that wending their way through the political establishment is an expensive, time-consuming process. They meet either with political interference, or with the equally tough problem of neglect, as many mayors today have more pressing problems to juggle than franchise decisions.

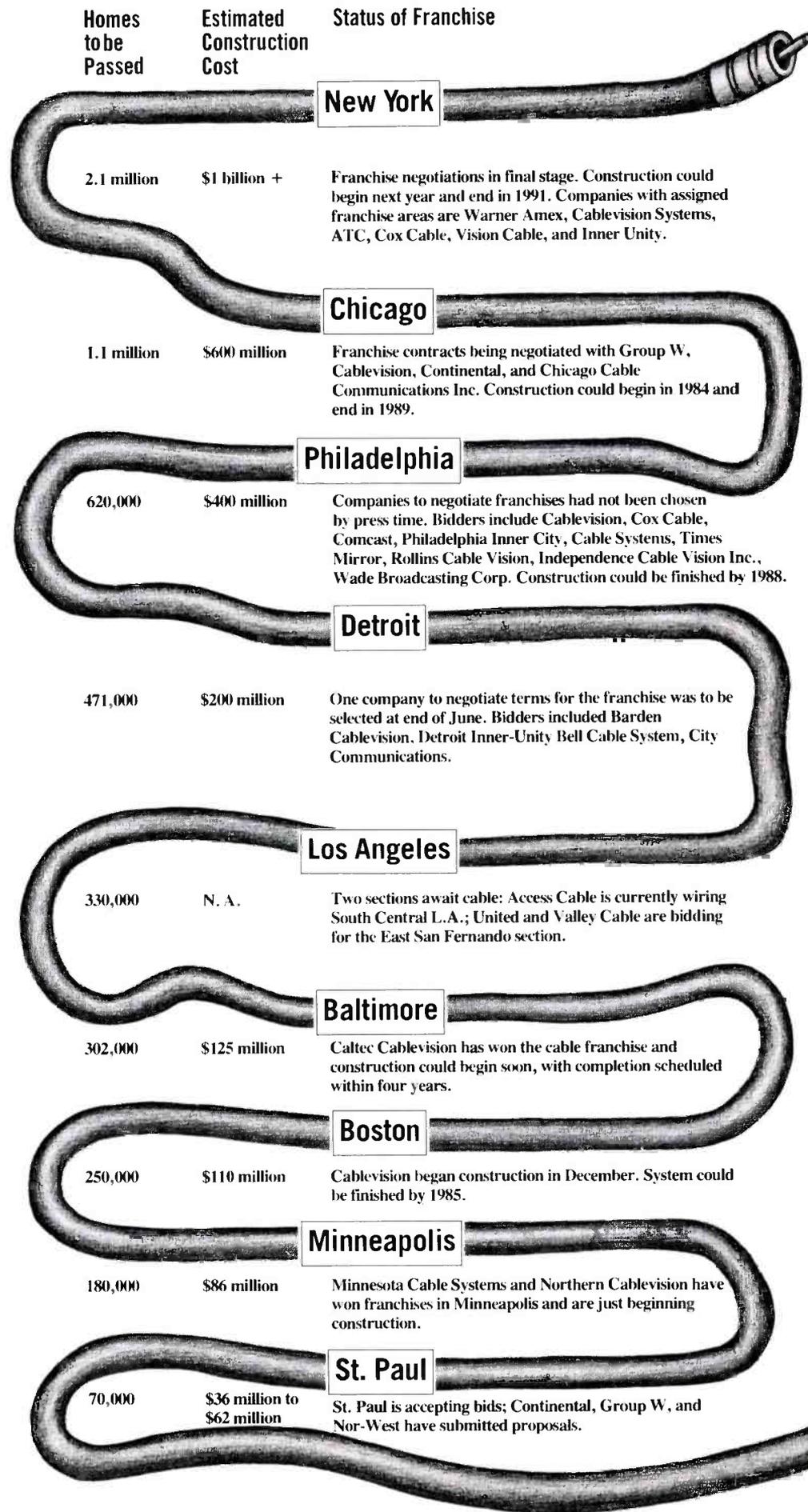
But no single factor is doing more to slow urban cable than the city governments' commitment to wiring their poorest neighborhoods along with their most affluent ones. In many places, the risks of wiring the ghettos simply outweigh the rewards of winning the franchises—and cable companies stay away in droves.

It can reasonably be argued that one New York neighborhood—the South Bronx—has held up the wiring of most of the rest of that city. The government had intended to grant equal terms to each cable operator. But to entice a company to wire the South Bronx, City Hall was forced to sweeten the pot considerably: In exchange for wiring the Bronx, Cablevision will be permitted to delay paying its franchise fee (usually 5 percent of the operator's gross revenues) until the eighth year of its contract. And to enhance the appeal still more, the city is willing to divert 2 percent of the other five cable companies' franchise fees from city coffers to a fund that will back up Cablevision's investment.

THE NEED for such a back-up fund points up another obstacle to wiring the inner cities: Even if a company is willing to undertake the franchise in a depressed area, there's no guarantee the banks will come through with the necessary credit. Consider the case of Detroit, where all three bidders are minority-owned companies with little track record in the industry. According to W. Dennis Grubb, director of new-market development for United Cable, which has franchises in suburban Detroit, bankers will probably require these companies to put up a substantial bond before they will lend them

Charles Waller

The State of the Cities





OUR AUDIENCE IS ALWAYS HOME.

At 11 AM this morning, the Rolling Stones played to an empty house. At 2 PM, Nolan Ryan pitched a no hitter to no one, and at 3, the day's news fell on deaf ears. No doubt you need 24 hours of sports, news, weather and music.

But now what you need is 24 hours of audience.

You've always called them subscribers. But a subscriber who isn't part of an audience isn't happy. And an unhappy subscriber is a potential disconnect.

At USA, we've solved this basic problem. We've programmed every single moment of the day to appeal to the audience that's home at the time.

Like Daytime for women. We start the morning with shows like "Alive and Well" to exercise the body and follow with "Sonya" to exercise the mind.

Then mornings and afternoons after school, we feature "Calliope" and "Cartoon Express" expressly for kids.

And in prime time, we offer prime sports for men. We have exclusives on NHL hockey and Major League Baseball. All live.

Then late at night we have cult entertainment on "Night Flight" and rock and roll night club acts on USA "Hot Spots" for teens—as well as for teens at heart.

That way, no matter what the time, we give you an audience that's changing with it.

It's an idea that's made the USA Cable Network the one network that's getting a sitting ovation. And a family audience that's applauding your programming is a family that'll keep on subscribing. Then of course, the more people you have who are happy with cable, the more new people you can sign up.

So if you think you're ready to add a 24 hour audience to your cable schedule, call us.

But please, don't rush into a decision. Take 24 hours and think about it.

USATM
CABLE NETWORK
WE FEATURE A 24 HOUR AUDIENCE

money. Says Grubb, "The franchise is no guarantee of a bank loan." (All three bidders in Detroit insist they can raise the necessary capital.)

In cities that have already been franchised, many cable operators have adopted the strategy of wiring inner-city neighborhoods last, chiefly because these areas usually require underground construction, which is much more expensive than stringing cable along utility poles. Sheila Mahony, vice president of Cablevision, the company that is expected to wire the Bronx, says the scarred South Bronx will require as much as 80 percent underground construction, compared to only 21 percent in the affluent Riverdale section. Neighborhoods with substantially lower construction costs will receive service first, since this allows the operators to develop "cash flow" before building the more expensive parts of the system.

The practice of wiring poor neighborhoods last has exposed the cable industry to sharp criticism and, in many cities, strained relations between the cable operator and the minority community. Herbert Wilkins, a financier and member of the National Cable Television Association's minority affairs committee, suggests that the practice is short-sighted. "If the cable company is not prepared to deal with the issue of minority relations, it will be subjected to political disaster, or to a challenge that could create a financial disaster down the line. If you are totally insensitive to the minority population today, five years down the road, when perhaps the city council has become more minority-dominated, you could be in real trouble when it comes to franchise renewal."

BUT MOST cable companies view the future differently. Anthony Hoffman, head of corporate finance at Cralin and Company, says that construction sequences calling for poor neighborhoods to be wired last are used by cable companies to buy time. "A lot of things can happen in three or four years before the company gets to build those neighborhoods. Inflation, interest rates, new services, the changing cost of equipment, programming, and a change in the local government all promise some potential for the cable company to get out from some of the onerous provisions that were in the original franchise."

Hoffman predicts that more and more cities will be faced with granting rate increases for urban cable operators who plead that they aren't making any money.

Cable's rivals—SMATV and MDS—have begun to take its place in some cities.



In Atlanta, where Cable America has been hit with unexpectedly high costs, the city allowed the company to increase its basic rate by 40 percent in March. "These rate increases—not inconsequential—increase revenues to the city," Hoffman points out, since the city's franchise fee is a percentage of the cable company's gross revenues.

And once the cable company has begun to provide service, Hoffman says, it gains the upper hand in relations with city government. Any threat to close down the cable company for failure to live up to the terms of the franchise—or for failure to wire any neighborhood on time—is only going to anger constituents who don't like to have their HBO service interrupted.

A Choice Between Food and Cable

SUBSTANTIAL QUESTION MARKS hang over the economics of cable in the big cities. Even if the poorer areas are "passed" by cable, how well will cable operators sell their service to the residents? Will these residents be able to afford basic entertainment services—let alone the more expensive tiers? "[The nation's] economic downturn has been so severe," says Herbert Wilkins, "that people in the inner cities have to make the choice between eating and having cable."

Yet according to Paul Bortz, partner in the consulting firm of Brown, Bortz, and Coddington, the long-term viability of cable in the cities depends on the successful marketing of such enhanced cable services as home banking, home shopping, videotex, and home security. Without the high monthly revenues generated by these services, it will be hard for cable companies to recoup the investment of wiring urban areas, which can cost as much as \$1,000 per subscriber.

Operators chasing after urban franchises hope subscribers will buy enhanced services costing as much as \$60 a month. Cablevision's Sheila Mahony explains that her company's strategy of concentrating on franchises in such centers

of great population as New York, Chicago, Philadelphia, and Boston is based partly on the assumption that subscribers will pay for many of the enhanced services. Cablevision, which won the Boston franchise in part by offering to charge only \$2 a month for basic service, has the highest average monthly take per subscriber—nearly \$30—of all the nation's cable companies.

For future profitability, that amount must increase; but the financial community remains skeptical that cable companies can sell all the enhanced services needed to raise monthly subscriber fees substantially. Speaking in general terms, Peter Falco, cable analyst at Merrill Lynch, says, "The bids for the urban systems out there right now have to be considered substantial question marks. When you start getting up in the range of \$900 [of investment per subscriber], you require more than \$40 per month in cash flow. I can see maybe \$24 to \$30 in proven revenue sources. That is not going to be enough to make the major urban franchises good investments. I look at some of these bids and I cringe." Anthony Hoffman predicts that, because of their enormous capital costs, these urban systems will eventually charge higher subscriber rates than their suburban counterparts.

The lengthening delay in wiring America's cities is stunting the development of the diversified programming cable has long promised. The financial health of many programming services—particularly the advertiser-supported ones—depends on cable reaching the large urban markets. To survive, these services must be accessible to large numbers of subscribers in areas where product sales are concentrated and advertisers invest most of their money.

Scarcity of urban cable subscribers was an important factor in the demise of CBS Cable and The Entertainment Channel. The natural audience for both services was concentrated in unwired urban centers. Several other program services, such as the struggling Black Entertainment Television, have been hard hit by cable's slowness in hooking up urban subscribers.

Many observers are convinced that cable television will not emerge as a significant national advertising medium until the cities are wired. "In the long run, the wiring of the cities is necessary," says Ron Kaatz, senior vice president of J. Walter Thompson. "If someone was to say it's going to stop now, the ad revenues would dry up so fast, your head would spin."

But program services are not the only part of the cable industry hurt by the urban wiring delay. While cable dawdles at the city line, other technologies have been rushing in and spiriting off thousands of potential cable subscribers. Cable's main attraction for urbanites is its pay movie channels, which can also be delivered by SMATV, MDS, STV, and—soon—DBS. Satellite master-antenna television (SMATV), also called private cable, has become increasingly popular among real-estate developers and apartment-owners. In the the Bronx's Co-op City, a self-contained complex of 15,000 apartments, work has begun on a 120-channel private cable system, which will skim 15,000 potential customers from Cablevision's already risky franchise area. In Dallas and Phoenix, the new cable operators are reporting unexpectedly low rates of penetration, which they partly attribute to the existence of private cable systems in many of those cities' high-rise apartments and condominiums.

Multipoint distribution (MDS) and over-the-air subscription television (STV) are also delivering pay movies and sporting events to thousands of subscribers in many uncabled areas, including New York, Chicago, and Los Angeles. And the competition for subscribers will intensify even further with the advent of direct-broadcast satellites, which will beam pay television to rooftop antennas as early as this fall. DBS executives say that rural areas not served by cable constitute their principal market, but add in the same breath that uncabled cities are also potential markets.

But pay television is not the only service urban consumers can obtain without waiting for cable. Many of the enhanced information services cable was supposed to deliver—including home shopping and home banking—are now coming into urban homes by way of telephone wire instead. It was assumed at first that the wire knitting the wired society together would be a coaxial cable. Now even Ralph Lee Smith, the author and consultant who coined the expression "wired society" in 1970, is no longer so sure. "Back then I lacked the adequate perspective to realize that the interconnection was going to take various forms," Smith said recently. "At this point the wired society is only a figure of speech."

Opening for the Phone Company?

IF THE SKEPTICS RULE, and the winner of the franchise in Detroit is denied the \$200 million in financing needed to build the system, who will wire Detroit? According to Rinaldo Brutoco, a California-based

Dozens of program services are threatened by the delay in wiring urban America.



communications entrepreneur, cities such as Detroit have several options. "I'm not sure whether the wire is going to be owned by the city itself, by American Bell, by cable companies, by AT&T, or by a combination of these," says Brutoco.

CABLE OPERATOR Bill Johnson and analyst Anthony Hoffman agree that most of the remaining uncabled cities will see minority-dominated companies applying for franchises, but promising to engage experienced cable companies to do the actual designing, building, and operating of the new systems. (In exchange, the companies receive a percentage of the gross revenues.) Cablevision is already involved in such bids for sections of New York, Detroit, and Philadelphia. The advantage of this arrangement for a company like Cablevision is that the smaller firm assumes the risk in an uncertain franchise.

There is a "50-50 chance" that a former Bell operating company could build the cable systems in Detroit and other cities, according to Mark Kriss, senior analyst with the Yankee Group, the Boston telecommunications research firm. The local phone company, unleashed as part of the AT&T divestiture, could build the system and then lease it to a private operator.

Such a scenario would have made cable companies cringe only a year ago, but today many might find appeal in the idea of profiting from entertainment services, without assuming the burden of constructing a whole system. Companies bidding for franchises in Detroit, Washington, Chicago, and Philadelphia have reportedly explored such options with local phone company representatives.

Whoever finally brings the wire into America's inner cities, the social and economic costs of the years-long delay could be great. Moreover, even when the wiring is complete, many observers fear the poor may not receive many of the en-

hanced information services available to the affluent. Consultant Paul Bortz suggests that cable companies will market only the most profitable services in the inner city; the ghetto may get HBO, but not videotex. Yet, as cable operator Bill Johnson contends, it is the inner city that needs these enhanced services most: "If the data explosion is denied to blacks because of where they live, that will have a negative impact on the direction of this country."

Blacks may simply be "red-lined" out of the information society. Says Bortz, "I'm afraid we will have an increasingly large gap between rich and poor, because information does relate to power. There will be people more comfortable with it, who will further increase their knowledge advantage over those who will only use the cable passively, to watch television."

Others, especially in the cable industry, discount the specter of information haves and have-nots. Says Richard Aurelio of Warner Amex, "That is warped thinking. That is bullshit, frankly. It is no more than sewing machine haves and have-nots, or refrigerator haves and have-nots. That is the way the system works."

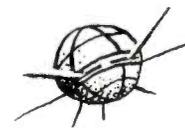
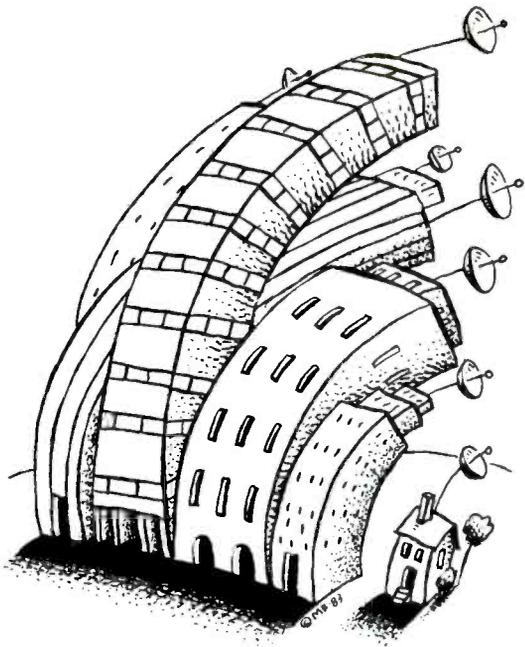
Indeed, one's view of the issue seems to depend on one's view of cable: Is it simply another consumer commodity—like the sewing machine—or is it more socially vital? Cable's development, so far, closely parallels that of the telephone: The more affluent areas were wired swiftly, and the rest of the nation lagged behind. In the case of the telephone, of course, it was rural Americans who were, for a time, the have-nots. But this changed, because of a consensus that everyone should have access to the telephone—that telephones were not like sewing machines or refrigerators. So with governmental prodding and support in the 1930s, the entire country was wired.

The federal government today is not likely to undertake such an initiative. Even without the current *laissez-faire* regulatory climate, most in government—as in the cable industry itself—simply view cable as a source of diversion. But it is much more than that: It is, potentially, the infrastructure of a new information economy. Perhaps when this is generally recognized, society will dedicate itself to providing cable for us all, regardless of where we live. ■





ABC TELEVISION NETWORK



How the DBS Kids Stole Comsat's Thunder

An upstart company has gotten a jump on the giant firms that were supposed to dominate direct satellite-to-home broadcasting.

BY MICHAEL POLLAN

NOBODY PAID MUCH ATTENTION last summer as an obscure company called United Satellite Television quietly picked its way through the regulatory thickets at the Federal Communications Commission. The company sought permission to start some kind of television service, the exact lineaments of which were unclear: something about beaming pay television from a new generation of satellites to apartment houses, hotels, low-power TV stations and, oh yes, to homes equipped with receiving dishes. Whether it was the apparent vagueness of their proposal, or the fact that nobody had even heard of United Satellite, no objections were raised, and the FCC commissioners gave unanimous approval.

Then suddenly everything became clear. Shortly after emerging from the FCC, United Satellite held a press conference in Washington, D.C., to announce that it would be launching America's first direct-broadcast satellite service in the fall of 1983. 1983! The television industry did a double take. Every-

body knew that DBS—television sent directly from satellites to small rooftop dishes—could not get off the ground until, at the earliest, 1986. The technology wasn't there yet. The high-powered satellites needed for DBS hadn't been built. And the necessary approvals hadn't been granted. Yet here was this company from nowhere proposing to beam five channels of pay television from existing satellites to anyone who would buy a four-foot dish for \$600 and pay a monthly charge of less than \$20.

The press conference, which was held right in the backyard of Comsat, the putative General Motors of the DBS business, was the first volley in a continuing war between the two companies. Although six other firms—including RCA, Western Union, and Hubbard Broadcasting—have also won FCC permission to launch DBS systems later in the decade, only Comsat has invested significantly in the technology, plunking down \$113 million for two high-powered satellites in the expectation of being first. So Comsat

quickly launched a counter-attack, dispatching a team of lawyers to the FCC in an effort to reverse United Satellite's approval, on the grounds that the company had misrepresented its intentions—that its application was a regulatory Trojan horse. The FCC has yet to act on the complaint.

The corporate invective is flying, with each company openly predicting the other's doom. But an increasing number of interested bystanders are suggesting that Comsat, despite its vast resources and more sophisticated technology, could well lose this war. In a recently issued report on DBS, the Yankee Group, a Boston-based telecommunications research firm, predicted that United Satellite would be "the spoiler" in the field, and went on to declare that "Comsat has lost the initiative in DBS. Its strategy now looks increasingly risky. . . . If Comsat clings to its original plan, DBS may become its own corporate Vietnam."

THE STORY of how a small, entrepreneurial company—with few resources and no track record—could seize the initiative in DBS and upset the plans of a telecommunications giant begins in an unlikely place: New York's Peppermint Lounge. It was there, in 1980, that Rick Blume and Cliff Friedland, the rock club's video programmers, hatched the idea for a music-video television network. Of course, Warner Amex had had much the same idea, and Blume and Friedland were

beaten to the satellite by MTV. But they learned a valuable lesson: "We had the right idea, but they had the distribution," Blume explained to *Fortune*. "We needed our own transponders—they're the Holy Grail."

So Blume and Friedland set up Pop Satellite Inc., bought a telephone answering machine, and started reading up on satellites. The FCC, they learned, required that satellite transponders be leased on a first-come, first-served basis. They started firing off Mailgrams to satellite owners like General Telephone & Electronics and RCA. They also learned that it was probably too late to get on the first generation of domestic satellites (the C-band satellites used by the cable industry), but that a new breed of Ku-band satellites was about to be launched.

THE Pop Boys, as they soon became known, needed capital to pay for any transponder leases they might win, so they fired off a second round of Mailgrams to a list of venture capitalists they found in the back of *Venture* magazine. Francesco Galesi, a real-estate developer who had made a fortune building shopping centers in upstate New York, answered his Mailgram, and the three formed a partnership.

In 1981, Blume spotted a short article in the *New York Post* about Canadian experiments using relatively small dishes to receive signals from one of the first Ku-band satellites. The three took off in Galesi's plane to see what the Canadians were up to. Their research had taught them that the size of a receiving dish was directly related to the power of the transmitting satellite. Thus, to receive a clear signal from one of today's low-power C-band satellites, you needed a dish at least

10 feet in diameter. The whole concept of DBS rested on the fact that an extremely powerful satellite (200 watts, as opposed to the C-band's five or ten watts) could beam down to inexpensive dishes no bigger than pizzas.

The Canadians had a different idea. While American engineers busily figured out how to build more powerful satellites, the Canadians were trying to make do with existing satellites by refining the technology of receiving dishes. They had developed a four-foot dish capable of receiving a signal from a Ku-band satellite (which, at 20 to 40 watts, is considered "medium-powered"), and a three-foot model was not out of the question. The dish would thus be small and cheap enough for apartment buildings, hotels, and even homes. It would also put United Satellite's start-up costs at about a tenth of Comsat's, since it would eliminate the need to build and launch new high-powered satellites.

Convinced that they were onto something big, the Pop Boys and Galesi secured the rights to 11 Ku-band transponders, on Canada's Anik-C satellite and GTE's G-Star satellite.

Next, the three approached General Instrument (GI), which owned the American license to the Canadian earth-station technology. GI signed on as an investor and earth-station supplier. United Satellite then tiptoed through the FCC, and people began to take the venture seri-

ously. The stamp of respectability came earlier this year, when Prudential Insurance kicked in \$45 million in exchange for 40 percent of the company, now rechristened United Satellite Communications Inc. (USCI). (The Pop Boys held on to about 8 percent, and Galesi 25 percent.)

Soon after this, USCI hired Nathaniel T. Kwit Jr., former president of MGM/United Artists, to plan a start-up for November, soon after the space shuttle lobs the Anik satellite into orbit. Next year USCI will "migrate" to the G-Star satel-



The Pop Boys: Rick Blume and Cliff Friedland

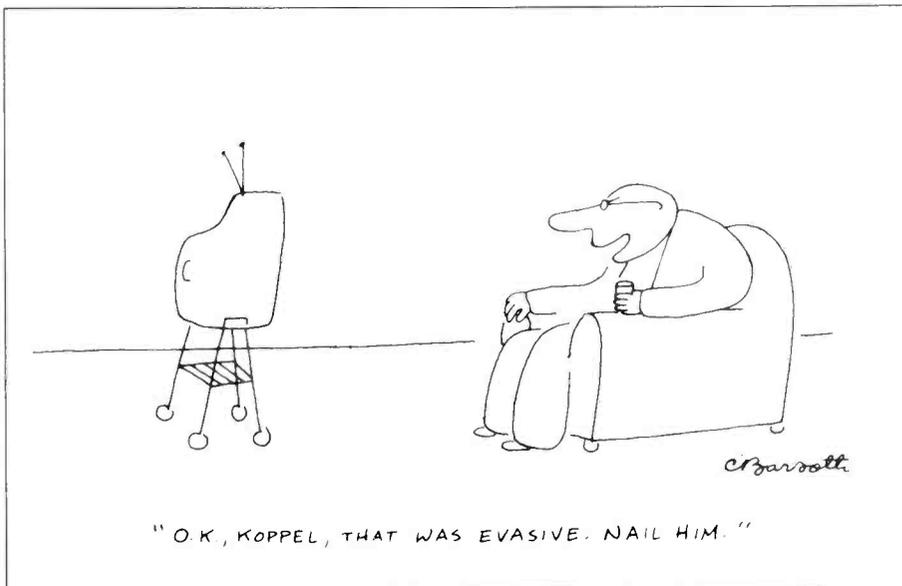
Bill Hayward

lite, which has a much larger "footprint" (that is, broadcast range) than Anik does.

Kwit readily acknowledges the Herculean task before him: By November, he must assemble a package of programming, put together a national sales and service organization, hire a staff, and figure out how to sell consumers on an entirely new kind of television service. Kwit's plans call for five channels of programming: two movie channels, one sports and one news channel, and a special-interest channel modeled on the USA Network. If it sounds like cable television, that is precisely the idea. In fact Kwit just shook hands with Ted Turner on a deal to carry CNN and is negotiating with ESPN, among other cable programmers. Since none of the movie channels own the DBS rights to the films they run, Kwit is negotiating to buy those films directly from Hollywood studios.

USCI intends to market its "best of cable" package mainly to the 20 to 30 million homes too widely dispersed ever to be wired for cable. But Kwit adds that he will also sell his service to satellite master-antenna TV systems (SMATV), MDS operators, low-power TV stations, and even some small cable systems—to anyone, in short, who wants it.

With a market spread out over most of the country, USCI's tallest hurdle will be sales and service. Kwit foresees a patch-



work of local partnerships, and to that end has talked with Sears, Western Union, RCA, and several of the Bell operating companies. He is also talking to cable companies about selling and installing USCI service in uncabled sections adjacent to, or even within, franchise areas. "We're principally in the business of serving unwired areas," Kwit explains, "and we think the cable operator, with his infrastructure of trucks, installers, and sales force, could be very helpful to us—and we to him."

In the last few months, USCI's plans have earned a lot of respectful attention and made Comsat very nervous. "I think they have a reasonable shot at success and that they will preempt a lot of Comsat's market," says John Reidy, media analyst for Drexel Burham Lambert. "How important is being first?" asks another analyst. "Just ask HBO, or look at Ted Turner's news channels and superstation." Before high-power DBS can even get off the ground in 1986, the Yankee Group expects United Satellite to grow into a \$620 million company with some 2.4 million subscribers.

THERE'S precious little that Comsat, or the other six companies licensed for high-power DBS, can do to shorten USCI's jump on their market. For one thing, orbital slots for high-power satellites won't be allocated until this summer's World Administrative Radio Conference. For another, it takes 39 months to build a high-power satellite. Comsat officials argue that when they finally go to market



Steve Friedman

The Entrepreneur and the Dish: Francesco Galesi and a United Satellite earth station

roof, possibly even killing a neighbor's child.

It is true that USCI's technology remains unproven, but such horror stories probably reveal more about Comsat than its rival. "Six months ago, Comsat was arrogant and cocky about USCI," says a long-time reporter for the satellite trade press. "Now the positions are reversed: Comsat is worried and USCI is sounding arrogant." The economics of high-power DBS have always seemed dicey: The investment required is so large—a billion dollars—that no venture can succeed without a vast base of subscribers. If USCI can skim off enough of these subscribers, the giant won't be able to recoup

late in 1984. If you can't beat 'em, the giant firm evidently has conceded, then join 'em.

Just as USCI has thrown the DBS industry into disarray, it may challenge cable. Kwit talks as though his company is a friend of cable, but the Yankee Group's Mark Kriss, among others, is skeptical. He suggests that all the talk about stealing Comsat's home market obscures USCI's real strategy, which is to wire urban apartment buildings and hotels with SMATV systems, possibly in partnership with Bell operating companies.

"When you're talking about a \$600 dish, SMATV makes more sense than the residential market. Also, with SMATV, you're dealing with a much less diffuse base of clients, which is going to be the real problem for any DBS operator.

"Just look at the footprint of the Anik satellite. It's a triangle bound by Boston, Chicago, and Philadelphia—which is exactly where most of the big uncabled markets lie." The nature of Ku-band technology also makes urban SMATV a natural market for USCI: unlike C-band earth stations, which are afflicted by the microwave interference common in cities, a Ku-band dish can receive a clear signal from the top of any building in downtown Chicago.

USCI doesn't deny SMATV is a possibility. Kwit has said he will try a variety of markets at first, and then concentrate on the most lucrative. The company's friendly noises about cable may have more to do with Kwit's negotiations for the rights to cable's most popular programming than with United Satellite's actual plans.

The cable industry might learn a few things from Comsat about Trojan horses.

United Satellite may also steal the march on cable in some places.

they will have a better system, and they may well be right: The Comsat dish is only two feet wide and should get a better picture than USCI's. Comsat executives like to recall IBM's late but highly successful entry into the personal-computer business. Yet at the same time they acknowledge that the consumer of television cares mainly about programming—and their programming will not differ much from USCI's.

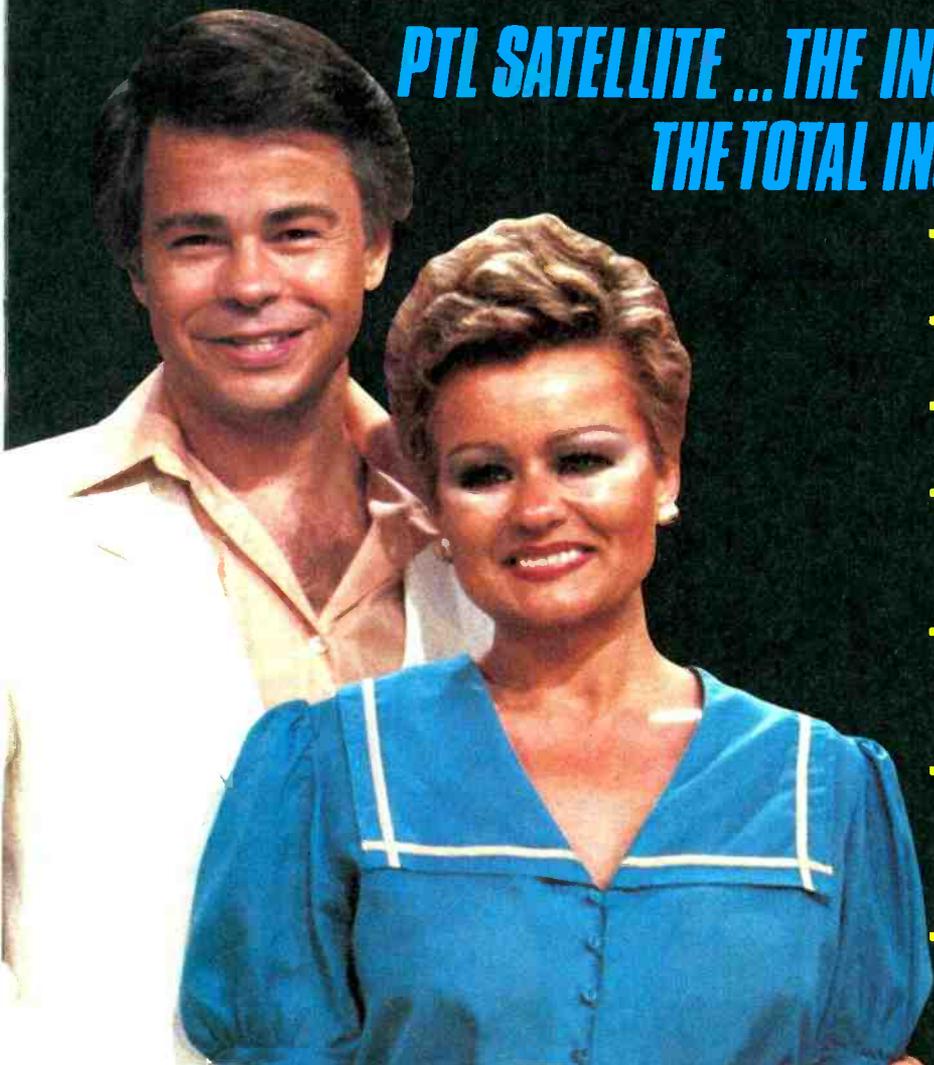
Comsat is not sitting on its hands: The company is doing its best to shoot United Satellite down, not only at the FCC but in the media. Comsat officials suggest that rain will ruin the USCI subscriber's picture, and wind could rip the dish off his

the cost of its big satellite. "It's quite possible," this same reporter says, "that we're seeing the whole DBS business falling down around us."

But even if USCI wrecks the economics of high-power DBS, the industry could make an 11th-hour switch to medium-powered satellites. That appears to be exactly what is happening. In May, Australian publisher Rupert Murdoch committed \$75 million to develop a DBS service much like United Satellite's. But the real proof that USCI has transformed DBS came just two weeks later, when Comsat, in an abrupt about-face, announced that it would launch its own five-channel, medium-power DBS service

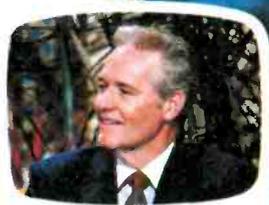
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Hollywood Wakes Up and Smells the Coffee

WITH THE PREMIERE OF *The Pirates of Penzance* last February 18, Universal Studios staked out new territory for the motion-picture industry. That evening the Gilbert and Sullivan operetta, starring Linda Ronstadt and Kevin Kline and directed by Wilford Leach, became the first film ever to be released simultaneously on television and in the theaters. (And in view of *Pirates'* subsequent poor box-office performance, that may well be the only thing for which the movie is ever remembered.)

Three months later, on May 22, Home Box Office also ventured into new terrain when it aired *The Terry Fox Story*, the first major feature film ever produced for initial release on pay television—bypassing theaters altogether. Starring Robert Duvall and newcomer Eric Fryer, *Terry* concerns the lonely cross-country marathon of a young Canadian cancer victim.

These two releases point to the struggle for control gripping the motion-picture industry as it faces sweeping changes in the means of delivering movies to viewers. While breakthroughs of the past—sound, color, wide screens—altered the ways movies are created and produced, today's technical developments—video cassettes, video discs, satellite-delivered cable, and pay television—are really new means of distributing motion pictures. And, as the studios are learning a bit too late, he who controls the method of distribution controls the industry.

The focus of all the new distribution forms is television. Through a means known as pay-per-view, *Pirates* was offered for a one-time fee in some one million cable and over-the-air subscription TV homes. Each household had an addressable converter, which turns a scrambled signal into a television picture. Universal claimed a 10 percent "buy rate," which means that 100,000 households paid \$10 apiece to view *Pirates* at home on the first day of its release. Of

by Peter Caranicas



Pay TV made millions off movies while the studios dozed.

that million-dollar gross, about half saw its way back to Universal. Angered by the studio's "experiment," several large theater chains boycotted *Pirates*, refusing to exhibit it altogether. Universal, one of the seven Hollywood "majors," obviously considered the experiment more important than the good will of the theater owners. Its attitude is a departure from norms in the motion-picture industry, which until recently considered theatrical release its lifeblood.

Few developments have fired the imagination of studio executives as much as pay-per-view. Not only do they see in it a potential source of additional income for films; they hope they can use the medium to regain lost ground from pay-TV middleman companies such as HBO, which have taken over the distribution of films to cable. But studio involvement in pay-per-view so far has been experimental and not too successful. Besides *Pirates*, the only other recent pay-per-view

events mounted by a major studio were The Who's farewell concert last November, which drew about 12 percent of potential viewers, and *Star Wars*, which drew 21 percent. Both were presented by Twentieth Century-Fox.

Even with such relatively low figures, however, pay-per-view can reap huge revenues once the population of addressable converters reaches a critical mass. John Reidy, a media analyst with Drexel Burnham Lambert, places that number at 10 million, which, he says, "won't be reached till the second half of this decade." Numbers, however, are intoxicating. With 10 million addressable homes, a meager 10 percent buy rate of an event or film at \$10 would gross \$10 million. A 50 percent buy rate of an event or film would bring in a whopping \$50 million.

While pay-per-view offers great promise for the future, pay television, the medium on which *The Terry Fox Story* debuted, has already become a major force.

How Pay TV Got the Upper Hand

Nearly 18 million homes—or a quarter of the nation's total—now receive one or more pay channels on their cable system, or, in fewer cases, over the air. Pay TV continues to grow like Topsy, with analysts predicting 40 million pay subscribers by 1990.

Pay TV is already a crucial source of revenue for Hollywood. Last year the studios grossed between \$500 million and \$600 million from sales to pay services. By 1985 that figure is expected to equal projected movie-theater revenues of \$1.3 billion.

HBO is the undisputed giant of pay television, and its power is growing along with the industry's. The company has built itself a practically unassailable position in pay-TV distribution, and today is using that base to extend its operations into film production, threatening the studios on that turf as well. "HBO made the pay business what it is today," boasts HBO Entertainment Group president Michael Fuchs, whom many consider one of the powers of the industry.

THE STUDIOS do not disagree with Fuchs, but they would like to clip his wings before it's too late. "If HBO's power grows much more," says Warner Bros.' East Coast president Ed Bleier, "the whole supply of theatrical movies will dry up." Bleier is especially critical of HBO's "pre-buys," which involve financing films at an early stage of production in return for exclusive pay-cable rights. For instance, HBO advanced money to Sir Lew Grade's financially ailing Independent Television Corp. in Britain for the completion of *On Golden Pond*, which it thus was able to show exclusively. In fact, for more than a year HBO's consumer ad campaign has emphasized exclusives with the slogan "HBO Only." "Look," says Fuchs, "the whole industry plays the first-availability game. We play that game too." In Bleier's view, however, HBO's exclusive buys endanger the industry by limiting pay-cable sales to a single customer, thereby cutting films off from potentially lucrative sales to HBO's competitors.

The motion-picture studios slept while the pay-TV distributors grew—until the studios realized, in the late 1970s, how much money they were losing out on. Whereas theater owners return half or more of the box-office receipts, in pay-TV licensing, the studios keep less than 20 percent of the revenues, according to most film-industry analysts. The exhibitor—in this case the cable operator—gets

IN THE POPULAR IMAGINATION, "Hollywood" means film-making. But the film industry really consists of three separate businesses—production, distribution, and exhibition. And over the last 40 years, Hollywood—meaning the Hollywood studios—has lost its dominance in all but the first sphere.

Before the 1950s, the studios did almost all of the work associated with film production: developing ideas, hiring producer, director, and crew, casting, shooting, and editing. Now much of this work is done by independent production companies, with the studios providing the financing. But even though the studios have been reduced to little more than banking organizations, their financial clout assures their continued dominance over film production.

The studios also used to run the exhibition business, until the Supreme Court ruled in 1948 that they had to divest themselves of theater chains. But they continued to make money from their share of box-office receipts, which sometimes amounts to 80 or 90 percent of the total. And while television has cut sharply into movie-going, the studios benefit from sales of their movies to broadcasters.

Distribution, however, is the key link in the chain, and the studios have struggled to maintain control. Pay-TV middlemen—especially Home Box Office—have established themselves as the movie distributors to the growing universe of cable households. From its beginning in 1972, HBO has concentrated on licensing films for pay-TV release and supplying them to cable operators, though it has also shown sports and original programming. Since 1975, when it began sending out its uncut, commercial-free

films by satellite, HBO's subscriber-ship figures have soared. Twelve million households now subscribe, with Cinemax, its newer sister service, accounting for 2 million more. HBO splits what is normally a \$10-per-month subscription fee with the cable operator. It doesn't take much arithmetic to see what immense economic power this gives pay television's foremost distributor of motion pictures.

HBO's takeoff in 1976 sent rivals into a frenzy of competitive activity. Viacom, one of the largest cable-system operators, set up Showtime on the HBO model. Warner Amex Cable, meanwhile, offered The Movie Channel (TMC). Today the former has 4 million subscribers, the latter 2.5 million. Other smaller services, such as Spotlight and the original Prism, sprouted and grew in the fertile cable-TV soil known as "multi-pay"—a term referring to the unexpected but highly welcome discovery that cable subscribers would buy more than one pay-TV service.

To the studios, multi-pay has meant that several pay-TV companies will bid for cable licensing rights to their films, thereby driving prices up. But in trying to enter the distribution business themselves, the studios may kill the goose that lays the golden eggs. If, as is proposed, several studios buy Showtime and TMC and operate them as a joint venture, the pay-TV business may be wholly dominated by two huge combines: Showtime-TMC and HBO-Cinemax, each aligned with a set of producers. Smaller buyers would be unable to compete; prices would stabilize. Competition would give way to duopoly, and multi-pay to "duo-pay." P.C.

about 50 percent, and the balance goes to the distributor: the pay-TV network.

The first challenge to pay TV's middlemen (not just HBO but also Showtime and The Movie Channel) came in the spring of 1980, when four major studios—Columbia, MCA, Paramount, and Twentieth Century-Fox—joined forces with Getty Oil on a pay-TV service called Premiere. As a latecomer to the already crowded pay arena, Premiere would never have flown but for one fact: The studios decided to give themselves a nine-month "window of exclusivity" on

their own films. All films produced by the four Premiere studios, which among them controlled 60 percent of Hollywood's output, would have been shown exclusively on the Premiere service before becoming available to others. The value to cable operators and consumers would have been compelling—so compelling, in fact, that a U.S. District Court found that the Premiere partnership violated the Sherman Antitrust Act. Soon thereafter the Premiere partners disbanded.

But in an astonishing repetition of his-

tory, a "son of Premiere" was born last January, just two years after the death of the older one. Five companies—American Express, MCA, Paramount Pictures, Viacom International, and Warner Bros.—announced an "agreement in principle by which Showtime and The Movie Channel (TMC) will be operated as a joint venture of these companies." Careful not to commit Premiere's error, the companies specifically stated that "the venturers will license their theatrical motion pictures to all pay services on a nonexclusive basis." In other words, no window of exclusivity. Yet the new combine provides several major studios with ownership of pay services that boast a total of 6.5 million subscribers (4 million for Showtime and 2.5 million for TMC). HBO, clearly worried, issued a statement expressing concern that the new venture is "a further step in the continuing attempt by the movie companies involved to gain control of the future development of pay television."

"HBO has a lot of gall to say that," retorts Mike Weinblatt, president of Showtime. Yet the larger truth in HBO's self-serving observation is that the free market in films is swiftly contracting as producers link up with distributors. In the near future, it seems clear, such arrangements will allow the major pay-TV services exclusive movie rights. HBO itself seems likely to be shut out of films produced by the studios in the Showtime-TMC combine. The new partnership may offer its products to HBO, but at a far higher price than the latter is accustomed to paying. "There may be a time when we won't be able to afford to buy every motion picture," admits HBO's Fuchs. And if HBO declines to buy films from the three partnered studios, Showtime-TMC will have de facto exclusivity.

HBO has certainly been anticipating that day—and preparing for it through a complex series of co-production deals and partnership agreements. "Our number-one anxiety is to fill all daily hours at our two services without the annoyance of repeats," says Fuchs. "To do that we're leveraging our available funds through co-productions. This also limits our risk." It now looks as though his efforts are about to pay off. In addition to continued pre-buy deals with film producers, which contribute more than a dozen exclusive titles a year (among the latest: *Sophie's Choice*, *Ragtime*, *High Road to China*, *Cannonball Run*), HBO has moved on several other fronts to assure a steady supply of exclusives:

- At the end of 1981 the company signed an agreement with Columbia Pictures—then becoming a Coca-Cola sub-

siary—stipulating that it would contribute an undisclosed amount of production financing in return for exclusivity on a number of motion pictures. The deal has already borne sweet fruit in the form of *Tootsie*, *Annie*, and *Endless Love*.

- At the beginning of 1982 HBO acquired part of Orion, a studio that seems on its way to joining the ranks of the majors. According to cable-industry analyst Paul Kagan, HBO will thus gain exclusive pay-cable rights to as many as 15 motion pictures a year.

- Last February HBO announced the

coming the "eighth major."

No one at HBO will do reporters the favor of counting up the number of exclusive titles to which the service is locking up rights. According to Paul Kagan, present deals, not even counting the BBC films and made-for-pay movies, could contribute more than 45 exclusive titles per year to HBO's stable. The number represents about a quarter of Hollywood's annual production—which isn't bad for a company that's mainly in the distribution business. As Michael Fuchs puts it: "We're selecting our films earlier



Many consider HBO's Michael Fuchs one of the powers of the film industry.

formation of a novel vehicle for raising production capital. Silver Screen Partners, as it is called, plans to raise \$125 million in limited-partnership money at no risk to investors: HBO has promised they'll get their money back in five years or less. Silver Screen Partners will produce at least a dozen film titles, all exclusive to HBO.

- *The Terry Fox Story* is the first in a series of made-for-pay movies HBO is financing. Others coming up include: *The Blood of Others*, an adaptation of the Simone de Beauvoir novel, starring Jodie Foster and Michael Ontkean and directed by Claude Chabrol; *Nobody Makes Me Cry*, with Elizabeth Taylor and Carol Burnett, and *Right of Way*, with Bette Davis and Jimmy Stewart.

- Most recently HBO and the BBC agreed to co-finance six feature films, with HBO holding exclusive U.S. cable rights and the BBC distributing them elsewhere—including British cable TV.

But the most significant of HBO's moves to gain exclusivity is the agreement it made last November with CBS and Columbia Pictures to set up a new motion picture studio in Hollywood. Tentatively called Nova, the new entity is capitalized at a hefty \$400 million. The deal does more than expand HBO's pre-existing exclusivity agreement with Columbia; it makes HBO a partner in what many believe has a good chance of be-

and earlier in their birth process."

Of course, a little business remains to be done in Washington before the pay-TV/movie-studio constellation takes on final form. Both Nova and Showtime-TMC must be approved by the Justice Department. The two entities result, in effect, from opposite maneuvers. In Showtime-TMC, film producers are buying their way into pay-cable distribution. In Nova (as in HBO's Orion and Columbia deals), a pay-cable distributor is buying its way into production. But both would create a vertically integrated production-distribution entity, and it is up to the Justice Department to decide whether these organizations will increase competition in the industry, or decrease it—and by how much.

The studios are doing more than hedging their bets. With their involvement in basic cable, pay TV, pay-per-view, video cassettes, and video discs, they are placing chips on practically every square of the roulette table. All they know for sure, believes analyst Reidy, is that "they'll spend the necessary dollars in their quest to catch Time Inc. But beyond that, they have no long-range plan. They don't even know what they'll do after next week." Jack Valenti, head of the Motion Picture Association of America, agrees: "In this business no one knows where they're going." Maybe not, but everyone seems to be in a hurry to get there. ■

Hispanic Television:

In the Grip of SIN

One network dominates the booming Latino market—and its rivals are crying foul.

BY SAVANNAH WARING WALKER

TWENTY YEARS AGO, long before anyone had an inkling that the United States would develop a Hispanic population of close to 20 million, Reynold V. Anselmo quietly laid the foundations for a television system that those Hispanics could call their own. Backed by Televisa, Mexico's broadcasting system, he began insignificantly enough, buying a UHF station in San Antonio, Texas, and another in Los Angeles, at a time before most people's TV sets even had UHF dials.

Anselmo's shrewdness, and his visionary combination of broadcast, cable, low-power, and satellite technologies, have since transformed those meager holdings into the Spanish International Network (SIN), a maverick broadcasting company beaming programs made in Mexico and other Spanish-speaking countries to American Latinos, via approximately 200 affiliates. SIN, the first commercial program provider to create a network by satellite, is a small company by U.S. standards: Its ad revenues in 1982 amounted to \$35 million. But the company is uniquely positioned to domi-

nate America's exploding Spanish-speaking market—Anselmo has even covered his bases in pay cable by providing a service called Galavision. Others have tried to compete, but the network's powerful Mexican link has effectively quelled them: New York's WNJU and Chicago's WBBS are the country's only non-SIN Spanish-language stations—and Anselmo has competing affiliates in both cities.

His aggressive business tactics, as well as SIN's almost total reliance on foreign programming, have dragged the company into controversy on several fronts. Business opponents, many of whom have sparred with Anselmo for years, have brought SIN under the scrutiny of the Federal Communications Commission with charges of anticompetitive practices and foreign control. Other critics have raised doubts about the ethics of importing prefabricated programming to American Hispanics—thereby denying them the opportunity to participate in a television system that purports to meet their needs.

At the center of SIN, unflappable in the face of turmoil, sits Rene Anselmo, wiry

and stoop-shouldered, his close-cropped salt-and-pepper hair madly wavy, smiling the kind of smile that makes his eyes almost disappear, speaking with a pleasing gruffness, as though his throat were coated in sugar crystals. In a small office overlooking Park Avenue, he swivels around and flips a switch on his intercom to receive an awaited call: Two streams of rapid-fire Spanish, one emanating from a tinny little speaker, fill the room. Only the tantalizing words, "Yo hablo con la Casa Blanca" filter through to the Anglo sitting nearby. Anselmo finishes the call, swivels back, and politely resumes in English, looking a little pleased with himself.

But with the English words, his Hispanic aura vanishes: He has a heavy Boston accent.

Anselmo grew up, in fact, in Medford, Massachusetts, in an Italian-American family. He had a brief acting career, and helped found a group that became the famed Second City comedy troupe. But in 1951, at age 25, he visited Mexico; he ended up spending 12 years there, working under the tutelage of the country's foremost television tycoon, Don Emilio Azcárraga. Working his way through Azcárraga's principal holding, Televisa, which controls most of the country's broadcasting outlets as well as its program production, Anselmo learned firsthand about every aspect of television.

And he returned with the full complement of qualities necessary to create and maintain a U.S. branch of the Azcárraga empire: Anselmo had become Hispanic—yet he was still very much an American. He had learned the tactics of the successful businessman—yet he retained the actor's flamboyance. And he had, above all, the unsinkable persistence needed to carve out of a complacent Anglo country a service aimed at a virtually ignored Spanish-speaking minority.

ANSELMO'S dramatic flair has stood him in especially good stead when overcoming obstacles. At such moments he often writes highly theatrical letters to Anglo VIPs, spreading copies among the press and then filing charges against his adversary at the FCC. In 1981, for example, when he felt he was being denied the right to buy transponder time on a Hughes satellite, he leafleted the FCC and Congress with a fabricated missive from a social gadfly named "Samantha Fairfax" to her friend "Daisy Giscard du Fortmont": "Have you heard?" ran the letter, "the Hugheses are planning to throw a simply smashing Satellite Cotillion Ball. That comes on top of Westy Union's Mixed Charity Affair, which already has people's heads spinning. Not to be outdone,

the RCA's (I won't mention their name but she's a former Merricom) are talking about throwing a Charity Auction Ball where tickets will go to the highest bidder. . . ."

He followed this up with a convoluted letter in broken English to President Reagan from a Chilean comandante, one "Pedro Gonzalez de la Marfa y Gonzalez," asking, "explain me what this dirty word 'common carrier' mean." The letters—and Anselmo's ensuing FCC complaint—got him the transponders he wanted.

Sometimes he resorts to more self-sacrificing schemes. He once fasted for a week at the foot of New York's World Trade Tower, whose owners, he felt, were long overdue to begin broadcasting a SIN signal. He had his way, again.

But of all the wars waged by Anselmo, perhaps the toughest and the most sustained has been in helping to awaken the advertising community to the importance of the Hispanic market. Refusing to walk the traditional route to assimilation, Hispanics have retained, to a large degree, their cultural identity and their language. They comprise a distinct market; moreover, their growing numbers have engendered predictions that they may bypass blacks as the largest American minority

The network's 200 outlets include cable, UHF, and low-power stations.

group by 1990.

Translating into a total income some put as high as \$75 billion, these numbers have helped SIN and other Spanish-language media alert a vanguard in the advertising community. Jesús Chavarría, editor and publisher of *Hispanic Business* in Santa Barbara, California, puts 1982's total national advertising expenditures in the Hispanic market at \$166 million, which, while still "a drop in the bucket compared to the general market," represents a 400 percent increase over 1972 figures. Within the last five years, J. Walter

Thompson, Young & Rubicam, and other major advertising agencies have added Spanish-language divisions: several new Spanish-language agencies have appeared, and at least one major Latin American firm, Publicidad Siboney, has opened offices in the United States.

SIN has gone to great lengths to keep the size and prominence of the Latino population before the eyes of advertisers as well as legislators. In 1980 Anselmo commissioned a study of the Hispanic market by the research firm of Yankelevich, Skelly & White, and publicized the findings heavily. Anselmo argues that his market has been undercounted by Nielsen and Arbitron surveys, and has retained another firm to develop better methods of recording Hispanic viewing habits. And his high personal visibility has greatly strengthened the Spanish-language media lobby on Capitol Hill (which contributed among other things to Henry Rivera's 1981 appointment to the FCC). All of these efforts have had the effect, by no means incidental, of casting SIN as the virtual representative of the Hispanic community.

SIN is certainly the foremost media power among Spanish-speaking Americans—and as such frankly considers itself the mirror image of the three Anglo networks. Its promotional material boasts of a "Hispanic Farrah Fawcett," a "Hispanic Merv Griffin," and a "Spanish HBO" (its Galavision pay service). SIN offers a sense of *déjà vu* to any network aficionado: Its soaps are rife with pained expressions and slamming doors; its sitcoms abound in canned laughter and exaggerated gestures. Its estimated 15 million viewers watch programs direct from Mexico, such as *Hoy Mismo*, a news/variety show, and *Chespirito*, a sitcom. They watch the Chilean *Sabór Latino*; they watch *Masterpiece Theatre*-type shows from Spain, such as the recent *Cervantes*, and programs of similar ilk from other Latin countries.

SIN's dominance, and the tactics it has used to fortify that dominance, have opened it to a good deal of criticism, especially from other Spanish-language broadcasters. The network's Mexican connection is at the heart of all these complaints. In 1980 some of SIN's business rivals filed an objection with the FCC, charging that Anselmo's group monopolizes American Spanish-language programming and tries to keep other Hispanics from owning stations—all with the help of its powerful Mexican backer. Ironically, the FCC, which is still investigating the allegations, has no real jurisdiction over SIN itself, since as a programming network it is unregulated. But



Above: Rene Anselmo
Left: Many viewers were shocked when the popular *Siempre en Domingo* was moved to SIN's pay service.



SIN programming offers a sense of *déjà vu* to any network aficionado.

Los Gozos y Las Sombras,
a historical drama from Spain

Anselmo, who is president of SIN, is also president of the Spanish International Communications Corp. (SICC), which owns the core group of SIN stations—and which, as a television-station licensee, is subject to regulation.

SICC owns five UHF stations, five low-power translator stations, and three earth stations for the broadcast and transmission of SIN programs. Various SICC and SIN principals have interests in five more low-power translators and two more UHF stations. (Almost all SIN's remaining affiliates—approximately 170—are cable systems.) It is illegal for a foreign entity to own more than 20 percent of a U.S. broadcasting outlet. Televisa owns exactly 20 percent of SICC along with its 75 percent share of SIN. Anselmo, not only president of both companies but treasurer of the latter, owns 22 percent of SICC and the remaining 25 percent of SIN.

The 1980 objection, filed by the Spanish Radio Broadcasters Association (SRBA), is founded on material used in another legal proceeding charging foreign control of SICC, a suit filed in 1976 in Los Angeles District Court by Frank Fouce, an SICC stockholder. SICC spokesmen had been negotiating with the FCC until recently, when talks apparently reached a stalemate. Matthew Leibowitz, the SRBA attorney, asserts loudly and somewhat hopefully that SICC's failure to reach an agreement would jeopardize its licenses. Ed Cardona, who until early April was special assistant to FCC commissioner Rivera, predicts that "SIN will try to reorganize to comply with FCC rules." Anselmo, looking the picture of confidence, indicates only that settlement is not far away.

Whatever the results, it is interesting that the FCC investigation was initiated by SIN's rivals in *radio*, which in the Anglo scheme of things usually coexists with television in relative peace and prosperity. Hispanic radio and television, on the other hand, very often vie for the same dollar. They are still working to convince conservative advertisers to look beyond the *West Side Story* Hispanic stereotype and recognize that 20 million people with an income totaling \$75 billion constitute a diverse and appealing market. Despite the steadily increasing evidence supporting these arguments, advertisers often choose television over radio in areas where both would more effectively be used. Proponents of Hispanic television, understandably happy about this tendency, contend that it will pass once television, the more wide-ranging and powerful of the two media, "paves the way" for radio by bringing the advertisers into the fold. Proponents of Hispanic radio, need-

less to say, don't buy this idea.

Anselmo asserts that his rivals are jealous of SIN's position. (As well they might be: Where would an independent broadcaster just starting out find the kind of support and programming SIN has from Televisa?) But Ed Cardona suggests that something larger may be afoot. The SIN/SRBA conflict amounts to a "trade war," he says, "and an *important* one, since the Hispanic market has truly emerged in the last two years. But," he adds, "all the people involved in these wars have

Anselmo fasted for a week to force a New York tower to transmit SIN. He won.

known each other a long time, and they have personality conflicts."

One particularly nasty run-in has centered on Colgate-Palmolive's Hispanic advertising budget: According to SRBA lawyer Leibowitz, Colgate, the largest single advertiser in the Spanish-language market, recently allotted \$2 million of its \$3 million total for use in 19 Hispanic radio markets. The remaining \$1 million was to go to television. But SIN apparently made Colgate an offer it just couldn't refuse: If it would cut the radio budget to only \$500,000 and give the rest to television advertising, it could pay Televisa instead of SIN, in pesos, via its own Mexican subsidiary. This proposition would obviously have been attractive to Colgate, since its subsidiary is prevented by Mexican law from sending any money out of the country. And Televisa could of course take the money as payment for programming it sells to SIN.

In the aftermath of this incident, both SRBA president Ed Gomez and Anselmo wrote rancorous letters, the former to Colgate president Keith Crane obliquely slurring Anselmo, the latter to FCC chairman Mark Fowler openly slurring Gomez. It is unclear how Anselmo ended up with a copy of Gomez's letter to the Colgate president, but he photocopied it, sent it along to Fowler, and wrote in high dudgeon, "Characterizing a perfectly straightforward business transaction between SIN and Colgate as a 'scheme,'

[Gomez] has the audacity to state that it 'smacks of impropriety.'"

Strictly speaking, Anselmo is right, at least as far as SIN is concerned. The incident serves merely to spotlight the network's cozy relationship with Televisa. In fact, says University of Southern California journalism professor Félix Gutiérrez—who did his dissertation on SIN and its Mexican ties—Anselmo is a tremendously astute businessman with a tremendously successful business and every reason for confidence. "He has only one Achilles heel," says Gutiérrez, "and that's in the SICC stations."

But the vulnerability shouldn't worry him too much. Gutiérrez contends that SIN/SICC "meet the letter but not the spirit of the law" in their relationship with Televisa, but he doubts that the FCC would ever "come down hard" on SIN. Though some regulators might feel that the dominant Spanish-language medium in the United States has a special responsibility to meet the needs of its viewers, "the government would come out as real bad guys for hurting the only Spanish-language TV network we have." Anselmo and others within SIN capitalize on this in the extreme: "Those guys portray the 'oppressed minority' all the way to their limos," says Gutiérrez.

But even if it had to do without the SICC stations, SIN would have a perfectly successful programming network. With the 170 or so cable affiliates it has built up in recent years, it doesn't need SICC quite as much as before (though there is some evidence that the UHF affiliates generate a substantial amount of SIN's ad revenue). Gutiérrez avows a "healthy respect" for Anselmo's consistently "bold and creative use of the new technologies," including his knitting together of UHF, low-power, and cable technologies into a single network.

Fundamentally, he sums up, SIN has such a good deal going that it would never let the SICC stations bring it down. "Why would *anybody* who can get programming for pesos, show the programming here, and make advertising profits in *dollars* ever *choose* to do otherwise?"

Yet the network's tactics have provoked a few bursts of outrage from viewers—as when, last spring, it pulled one of its most enduring programs, a variety show called *Siempre en Domingo*, and put it on Galavision, its pay-cable service, which had been needing some popular programs. Since Spanish-speaking television's most loyal viewers are believed to be its least affluent, the people most eager to watch *Siempre en Domingo* are probably the ones least able to afford it.

Anselmo maintains that he could do nothing about the switch, which was imposed on him by an economically pressed

Televisa. But, he blithely asserts, "It was a challenge for us! When all that good programming went to Galavision, we were wondering, what are *we* going to put in its place? Our programming has stayed just as good!" And it *has* stayed essentially as it was. SIN has responded to its heterogeneous American audience—consisting of Hispanics from all over South America as well as Europe, Mexico, Puerto Rico, and Cuba—by lowering the Mexican share of its programming to about 50 percent. Argentina, Venezuela, Spain, and other countries supply shows, and in addition to its live broadcasts of sports events, SIN's public-affairs programming sets Anselmo to bragging: "We had great influence on the very successful census in 1980, with our *Destino 80* [which encouraged participation in the national election and the census]. Nobody can teach us anything in the area of public affairs."

Public-affairs programs notwithstanding, critics argue that merely replacing the bulk of Mexican programming with shows from other countries does not answer the needs of American Hispanics. For one thing, says Sanford Wolff, executive secretary of the American Federation of Television and Radio Artists, there's all the missed employment opportunity. "Much of what SIN imports are

One critic accused SIN of 'reverse media imperialism.'

novelas—Spanish-language soap operas," he points out, "and every actor or actress in them could be replaced by an American." Wolff estimates that SIN could choose from a pool of as many as 2,500 Hispanic actors, who are customarily denied jobs in Anglo television. And jobs are apparently no more plentiful for Hispanics on the other side of the camera. David Ochoa, president of Buenavision Cable in Los Angeles as well as an independent producer, observes, "ENG operators, technicians, producers, you name it, their ability to get work on SIN is exactly the same as it is at the big commercial networks—damn near impossible."

"In effect," adds Félix Gutiérrez. "It amounts to reverse media imperialism:

SIN is doing to the U.S. what the U.S. has done in exporting its programs to the Third World. But the real irony is that SIN is not getting back at America—it is getting back at its own people."

Rene Anselmo assesses SIN's contribution somewhat differently: "We try to give Hispanics a sense of identity, something to be proud of in us. We bring them specials and programming that they can feel is just as good as the networks'."

"Just as good as the networks" might indeed be SIN's motto. Its influence within the Hispanic community is at least commensurate with the authority of the Big Three among English speakers. And Anselmo's efforts on Capitol Hill and Madison Avenue have augmented that influence in the perception of the Anglo establishment. His rivals would be the first to admit he has ably consolidated the already considerable control derived from the Televisa link.

Anselmo's rhetoric suggests a heartfelt sense of social responsibility toward Hispanics, who definitely need support from on high. Yet his actions suggest a much stronger interest in buttressing SIN's preeminence financially. For purposes of consistency he should perhaps alter his rhetoric. But the image of Hispanic crusader just may be too useful to relinquish. ■

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Growing Up with Television

by Mark Edmundson

Notes from a Member of the First Generation



FOR A LONG TIME I used to get out of bed early; before 7 o'clock I slipped out of my room, passing the closet where my father hid his National Guard rifle. I turned a swift pirouette by my parents' half-open door, the way the Lone Ranger, crossing the entrance to a bank, broke the aim of desperadoes holed up within. From the pantry I snagged a handful of Lorna Doones, then took a slow-motion Pete Runnels slide over the living-room rug, pulled into Sioux pow-wow posture, and popped the "on" button. I sat with my breath caught in the back of my throat, waiting for the cool considering hum, the pinhole of light, then the great eye dilating into wakefulness.

I was six or seven then, not far from the time of which Wordsworth said, "nature then to me was all in all." To me television was everything. I sat before it entranced, and when I was away from it, walking to school, or on the border of sleep, I elaborated what I had seen on the screen, merging the characters from various shows, adding my friends and parents and, of course, intervening myself when a hero was wanted. While I watched it, television was an intermediary world between sleep and waking, where dreams

took a sensuous, untroubled form. When life crowded in close, the remembered images were a retreat and solace, somewhat as religious thoughts are to the faithful.

This changed quickly. By the time I was 10 I strained to see the underside of things. I was delighted when my father let the air out of one show after another. He showed me how the Lone Ranger and Tonto were chasing bandits around and around the same shrubbery prop. He pointed out that some elaborate combat footage from another movie had been spliced into a Saturday-afternoon Hercules epic. He spotted a rip in Pinky Lee's pants. He knew why the warm-up alleys for the pitchers in Fenway Park were called bullpens before Curt Gowdy did. He corrected Jack Paar's grammar.

My father's resistance to the TV set was not unprovoked: He was contending with it for his rightful authority. Even as a child I felt that, as much as watching TV, we were watched by it. From television I learned what everybody thought: on commercials, series, and sitcoms I saw the proper way to brush, dress, talk, feel, and look. I measured myself against it.

Television showed me that I had been dealt a middling hand. I wanted a therapeutic family like the one Ward Cleaver ran. Wally and the Beaver went into the study for sessions from time to time. Much was forgiven as "part of growing

up"; virtually nothing was revenged. Every installment was a new start, with no reference to last week's misdemeanors. In my family, as in every other this side of the screen, transgressions were stored and treasured. "What was that you dared to say to me last month?" I remember being asked. I wanted vanilla conversation at the dinner table, a father versed in power tools, a mother whose voice was barely distinguishable from the sound of pouring lemonade. I wished for a secular household—coffee-table books and Rockwell prints instead of crucifixes and knickknacks bartered for with S&H stamps. I was envious of the upstairs at the Cleavers', where the boys ranged free; I envied their TV rooms and dens. The Everybodies on *Leave It to Beaver*, *The Patty Duke Show*, and *My Three Sons* looked in on our cramped apartment, glum dinner table, and financial frets and ruled me out. "Neurosis," said a wise French psychologist, "is the unacknowledged belief that somewhere there live others who are continually happy." I could have told you their addresses.

When I was 11 I was sick all the time; I stayed home from school playing on the floor with toy soldiers. At night I lay bundled in a chair watching horror and science-fiction shows and occasional mysteries: *The Twilight Zone*, *Fantasmic Features*, and *Alfred Hitchcock Presents*. Television almost always has

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Andreu Baruffi

the same slow metabolism as illness; it is a perfect match for the faculties left intact by a virus. The mystery and horror shows shared the form of my recovery as well: the progress from darkness and threat to the triumph of light, health, and well-being, when the murder was solved or the monster done in. Most of the science-fiction movies I saw then were made during the McCarthy period and were allegories, it is said, for communist infiltration. More likely they were embodiments of the germs that had taken over in my own bloodstream. And these particular germs were not unwelcome; they kept me away from school, which had become, suddenly, foreign ground.

The Beatles were responsible. The sight of them on Ed Sullivan early in the fall of that year had sent the girls in my class into a sort of Bacchic puberty. Friday they were restrained in snug, frilly dresses, bows, and gloves; the Monday after the Beatles' television debut they were possessed, pressing photographs of John, Paul, and George to their new breasts, bubbling choruses of "She Loves You" when the teacher left the room. Through the pipes that connected the boys' and girls' bathrooms, we heard their singing and shrieks and felt vulnerable—sharing, perhaps, the unsettling feelings of Orpheus when the Thracian women looked his way. Boys in the class were cute if they resembled one of the Beatles. Without my glasses, it was agreed, I might have looked like John. This put me in poor stead compared to Rick Repucci, who, with his hair combed down, might have been mistaken for George himself. Humiliated by my low status, which no amount of effort could reverse, I stayed home, again deploying the toy soldiers that had been untouched for two years, or sitting in front of the television set alone at night, letting the mist from my vaporiser enhance the werewolf hunt on the screen.

IN THE EIGHTH GRADE, everyone at school watched *Combat*, and I still recall how a particular two-part episode galvanized the class. When the first installment closed, the squad members had been captured by the Nazis and were about to be questioned one at a time. Torture was impending, and for the first time the entire squad, except Sarge, was palpably scared. Which of us, we debated at recess, could stand up to torture, especially the kind the Russians would administer when we went to war with them, as our teachers assured us we would? We had seen pictures of Russian children in a documentary at school and agreed forlornly that a 10-year-old Russian could probably outfight anyone in the class. That year we did push-ups beside our

home-room desks and had a high-jump contest, marking our farthest reach up the blackboard with chalk lines, to prepare for the hand-to-hand combat to come.

When I was 15, I stopped watching television; in fact I stopped doing almost anything except playing football. I stared with a bovine emptiness into the pages of *Advanced Mathematics*, only occasionally trying to follow the minuet of sines and cosines. I was listening to Arnie the Woo Ginsberg on the WMEX *Night Train Show*. The Beach Boys, Jan and Dean, Herman's Hermits, in consort with Arnie's slippery patter, kept my thoughts where I wanted them—out at perpetual low tide. I was floating along in dumb un-

Television showed me I had been dealt a middling hand.

conscious resistance to every influence; the music I played in my head—at school, on the bus, at home, everywhere but on the football field—was static to jam all incoming communication.

From the front door, the television blaring in the living room sounded like a deaf man singing in the shower. *Bewitched*, *Mission Impossible*, and *Laugh In* were the hits then. I came home Saturday nights hiccupping Budweiser to find my parents asleep on the couch, their forms haunted by the flickering black-and-white ghost of the set's reflection. The TV still went on at 8 in the morning, and all day the voices followed us from room to room. The Roman household would have fallen to shambles without its modest domestic deity, Vesta's representative, and so might have ours.

Was there a central Great Tube spreading its Word through its duplicate disciples in every home? If so, what was its Gospel, its electronic Logos? Was it "Buy, lust, kill, ruin," as the educators and social scientists warned us? Did we "model behavior" on the heroes and villains, engage in the "negative stereotyping" the screen encouraged? Nothing so crude or easily fixed, I'd say. Television speaks more subtly, to the ways we pace, time, and arrange life. It says, in thousands of cleanly resolved plots, in definitive statements and acts by characters with the clearest of motives, that we might write the stories of our own lives as a series of crises, confronted and solved in one climactic scene after another. The

diction, rhythms of exchange, modes of inception and conclusion in the arguments between fathers and sons, husbands and wives, bosses and employees in America have been conceived at least partially by TV script writers and actors. We spend much of our lives making scenes, and television has been our script editor and drama coach. "Do you notice how Nature is looking more and more like Corot's paintings these days?" asked Oscar Wilde. Do the "dramas" of daily life look more and more like prime-time contrivances during these?

Early in the fall of 1969, when the Vietnam War came on after *McHale's Navy*, I stepped out of my bedroom with a copy of James Simon Kunin's book *The Strawberry Statement* and read to my parents, over the hurtling soundtrack of *Hawaii Five-O*, a declaration of independence on the subject of male hair length. I had begun reading again. Kunin's book was one of the first I had finished since the Beatles had shoved me into uneasy adolescence. My oration interfered with a critical scene and my mother lost the good humor that was almost perpetual with her.

"I don't want you reading those damned books anymore!"

"Do you want me to spend my life watching TV the way you do?"

For the next three years reading was a physical urge for me. I cut classes to go to the library; sometimes I sat with two books open in front of me, reading from one to the other. I read American literature, enraged with the teachers at Medford High who had given us *Ivanhoe* and *Silas Marner* instead of *Look Homeward, Angel!* and *Huckleberry Finn*. Even more I read in reaction to television, shivering once in self-congratulatory rage at the time I believed it had stolen from me. I copied sentences from Thoreau's *Walden*, feeling his trim Yankee cadences deflate the swells of melodramatic music that came from the set outside my door.

I blamed my backwardness on television; it had colonized me young and broken me gently to its usages before I could resist. That I had read nothing, written nothing, knew nothing to speak of about the world's history and politics, that I looked blankly at the Rembrandts in the Boston Museum or listened with irritation to Mozart, were in part the fault of a decade and more of television. I read to rid myself of announcers' spiels, ad jingles, cowboy and detective scripts that seemed to take over periodically and dominate my thoughts, or even speak for me, often at the moments when I seemed most to need my own voice. I believed that the strange voices television had cultivated in me were not unrelated to those that explained the Vietnam War for the

government. They pointed to shaded maps and talked about "showdowns," "firefights," "game plans," "face-offs," and "end sweeps"—the verbal flotsam from Maverick, Wyatt Earp, and NFL football. The voices were set deep and attached themselves to powerful human urges, and no amount of Thoreau might ever hush them.

On a night not long before I began college, I rushed home from the Earth Day demonstration in Boston to watch the news. Bent forward toward the capricious black-and-white portable, my father, mother, brother, and I looked at three figures perched obtrusively on the wall over the speakers' platform at Government Center: Henry Castle, Gubby Shea, and me. We were wearing paper surgical masks to protest air pollution. The camera came to a close-up of Henry and me. He had cut a small hole in his mask through which he smoked a Kool.

"There you are."

"There's Mark. Who's that boy you're with?"

"Mark, you're on TV. Hey, Mark's on TV."

My generation, I sometimes think, wanted to crumble the empire and be home in time to watch the footage. It was the best show I'd seen in some time. I sat through the news that night, then caught a

At 15, I swore off TV, enraged at all the time it had stolen.

full evening of programs. My father issued commentary; my mother strained to hear the dialogue. All four of us waited for the news at 11 when, we hoped, they would play the sequence over once again.

I had read my way as far from television as I could by then, but over time I began, strangely, to read back toward it again. I came to realize that every method for making meaning was present, in some form, on television. When I read Northrop Frye's books about the literary myths that shape our imaginings, embodying a culture's dreams and desires, I recognized them all from TV. The city of the blessed, the sensuous paradise, the green world, the cold nether sphere came together, albeit in enervated form, to make up the visual language of the screen. From television I also learned, nearly on an instinctive level, how a plot gathers and unfolds, and what conventions go to make up a representation of character. To recognize the modes of fic-

tion-making, and to comprehend—at least in part—the motives for it, is to know something of the human situation. More than that, it may grant a person, over time, a power over the fictions he will use to understand his past life and represent his desires for the future. The man who decides to leave his wife to take up the bachelor life as he has seen it portrayed on *Dallas* or *Dynasty* is being pathetically led by fictions. The one who understands the imaginative origins and continuing appeal of the myths of the good life presented on television, in books, or in politics, may better decide which myths to participate in, which to abjure.

But this is all too high-flown to account fairly for my own eventual treaty with television. For some time I went on the wagon and preached against it because, of course, I was afraid a drop would send me on a binge. I made my first forays back to TV distanced by a notebook and pencil, an anthropologist in the jungle of antennae. Even now I will not watch "serious programming" for fear of getting hooked; I watch cop shows, and cowboy series and *The Twilight Zone* when I can find them. In Boston, I am told, *The Three Stooges*, my early favorite, comes on three times a day, but right now I live in Connecticut. ■

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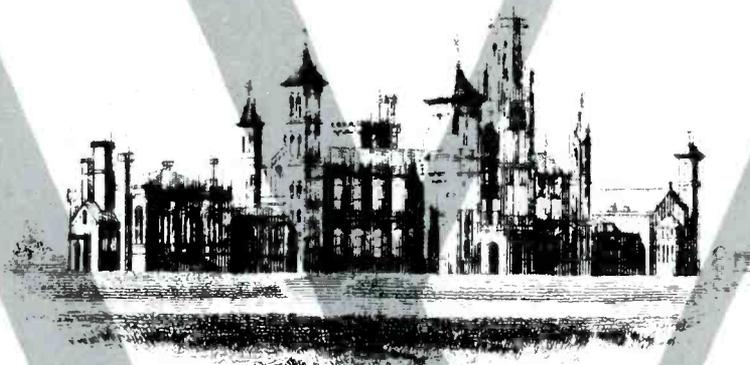
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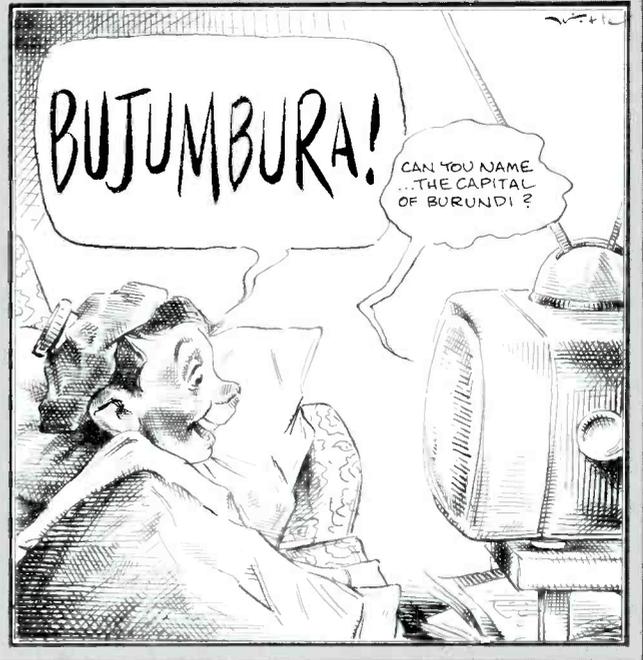
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And Now, for a Year's Supply of Eskimo Pies . . .

by William A. Henry III



ON DAYS WHEN I STAYED HOME sick from school as a child, I spent hour after hour watching game shows on television. To me they were the greatest possible incentive to study: They proved that quickness of tongue and breadth of learning had a practical economic value. I dreamed of competing on the air, for money, as I shouted out answers along with the contestants on *Jeopardy*, guessed at rebuses with the players on *Concentration*, or staked my versatility against the whizbangs on *College Bowl*. I longed to be part of the well-read elite, and game shows, for all their frenzy and cheapjack materialism, fostered elitism: There was one definable right answer; coming up with it took brains and education; winning entitled the combatants to the unstinting admiration of the home audience.

For the past two decades I have scarcely thought of watching game shows; life has long since offered me more substantial proofs of my brainpower—a diploma and a paycheck. A couple of months ago, however, some whim drove me to revisit the graveyard of my youthful ambitions. How the world has changed! For a sociologist seeking proof of a decline in American esteem for education, TV games show offer inviting thesis territory. There is no elitism. Indeed, there are hardly any “right” answers. The Sputnik-inspired era of diligent study has given way to getting along by going along. These days, game-show contestants win mostly by conforming to clichés or by gambling recklessly on the wheel of fortune. We are asked to admire them not for their wit but for their luck. Indeed, we are expected to like the competitors best when they compete least: The contemporary game show is a hybrid talk show, full of celebrities being coy about everything except their upcoming movies and Las Vegas club dates. Occasionally, between bits of chit-chat, the diffident contestants get a chance to play a game.

Among the new game programs I have watched most often, because it airs before I leave for work, is *The Match Game*. A pair of contestants compete in three successive ways. First, they are read Borscht-Belt-style jokes and asked to fill in the missing punch lines. They are not rewarded for cleverness or originality, but for matching the answers provided by half a dozen has-been celebrities. The smartest response is the one that elicits a groan of recognition from the audience.

Even that choice can backfire, however; the show's regular celebrities, Brett Sommers and Charles Nelson Reilly, often relieve their boredom and career frustration by interjecting off-the-wall replies. Contestants are expected to smile indulgently at these outbursts as they watch their prospects for winning fade.

After three rounds of such byplay, victory goes to the contestant who has matched, not necessarily more times, but with more celebrities: The goal, after all, is not rightness but rapport. The winner of round one then tries to guess how the majority of the studio audience has filled a blank in a hackneyed phrase; the

Old game shows required brains; new ones just take luck.

more commonplace the choice, the more money the contestant wins.

Then comes an interval of dumb luck: The contestant spins a wheel to select a celebrity partner and to determine how much money is at stake. He is then asked to fill in a final phrase, this one much more variably susceptible to interpretation; his wording must match the celebrity's exactly, even in verb tense. At this stage, the player must have an intuition verging on ESP. Compounding the atmosphere of dopiness, most of the celebrity guests seem to have only the vaguest acquaintance with grammar and spelling, as their written answers make plain. Host Gene Rayburn takes every opportunity to hint that he is more sophisticated than the people around him, but he seems less urbane than condescending.

The goals of the *Match Game* contestant—to share the impulses of other people in the studio and of the opinion-pollled average man—originated with such nighttime favorites as *The Family Feud* and *The Newlywed Game*. (Both those shows offer the added spice of straining domestic relationships to the break-

Michael Witte

ing point. The audience gets its kicks watching people who live under the same roof call each other stupid, doubtless echoing what goes on in viewers' living rooms across the country.)

The tide of triumphing through normalcy has reached its crest, I suspect, in *Child's Play*, a game in which adults try to think like children. While oh-so-cute kids offer videotaped definitions of words, grown-ups sit, fingers poised, ready to buzz when they think they recognize the term being explained. (No synonyms will do.) Not surprisingly, the majority of contestants are women, and they seem to do best, perhaps because they are less abashed than men. The implicit message, presumably reassuring to people who sit home all day, is that being a patiently attentive parent (or grandparent) is a legitimate intellectual pursuit.

The veneration of mundane knowledge is also the theme of perhaps the most venerable (if vulgar) game show, *The Price Is Right*, which celebrates the ability to guess the cost of the shlockiest furniture and gadgetry. Contestants win by coming closest, provided they do not overpay. (There is no greater sin in the middle-class canon, it would seem, than handing over more than the going price of something.) The viewer is reassured that shopping savvy is a genuine form of ratiocination.

Another enduring show, *The \$25,000 Pyramid*, hosted by the ubiquitous Dick Clark, in some small measure rewards glibness and general knowledge. As on *Match Game*, *Pyramid* commoners pair up with self-promoting celebrities to play a game based on shared clichés. Although the players often show some wit and ingenuity, a wearying number of the successful clues are titles and stars of TV shows, brand-names of products, and other consumer trivia.

Of the shows I have watched, only *The Joker's Wild* asks questions that differentiate between dolts (my favorite was the woman whose hobby was "going to garage sales") and people informed enough to make their way comfortably through a daily newspaper. Even on that show, however, questions emphasize TV comedies, movies, recipes, and household oddments. Moreover, *Joker's* rhetoric acknowledges explicitly what other shows simply let happen: Luck, at least as much as knowledge, is a dominant factor in winning.

For example, depending upon the caprice of the gaming wheels, people plucked from the crowd at the end of the show can come away with much more money than those who answer

questions correctly. The show's announcer proclaims that "knowledge is king and lady luck is queen"; if that is so, then the show's realm is a matriarchy.

Gambling remains illegal in most states (except, of course, in church basements) but a staple entertainment on game shows. Programs have been based on poker, on 21, on roulette. Like the lotteries run by money-hungry state governments, these shows breed a belief that hard work and diligent study are neither necessary nor sufficient for financial success. Little wonder that pride in craftsmanship, scholarship, and citizenship seems to be in decline, and that resentment of the accomplished seems to be

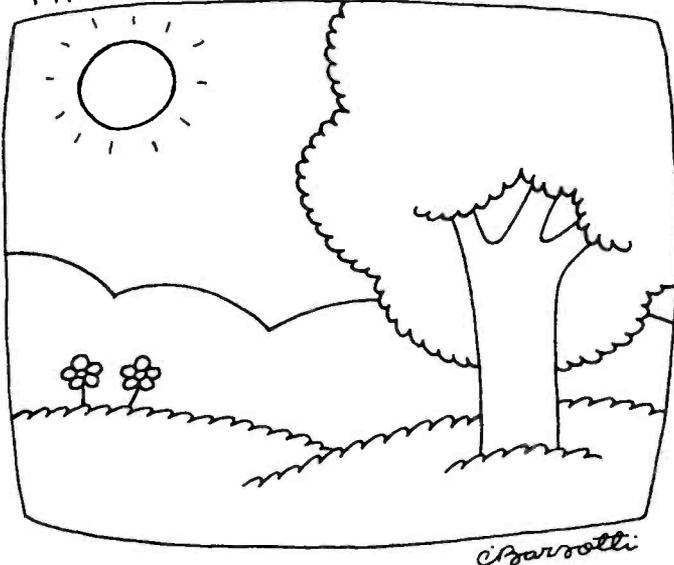
***The Price Is Right*
has a message:
Shopping savvy is a high form
of thought.**

reaching a demagogic high. Popular culture is telling the masses that the key to the good life is mere luck.

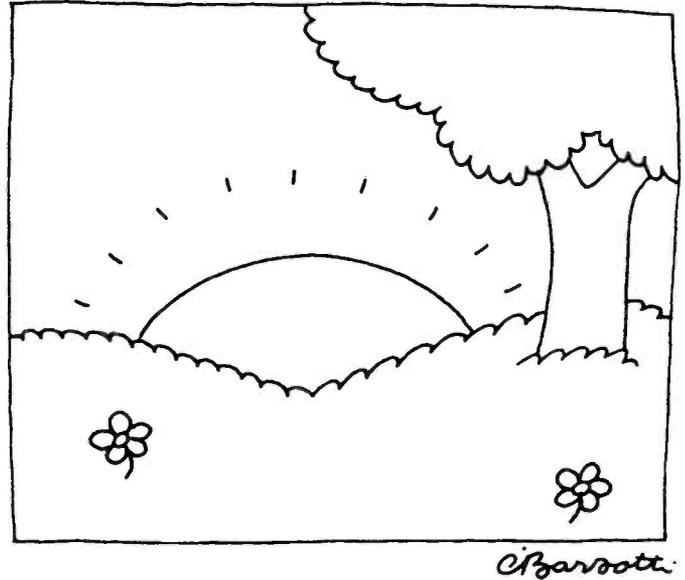
One of my favorite films of the past year was *Diner*, an affectionate look at young manhood in the last true macho era, the end of the 1950s. The most poignant character was Fenwick, a rich screwup headed for alcoholic disaster. In one touching scene, Fenwick watched *College Bowl* and shouted out all the answers, ahead of the contestants, with unerring accuracy. He laughed contemptuously all the while, at the players and, obliquely, at himself. His character was proof that knowledge by itself does not ensure success, and that luck in life is in part self-made. Among the many aspects of that lost era, none ought be more lamented than a televised outlet for learning.

If a writer were to evoke a tragic figure like Fenwick in a movie about today, he would be hard-pressed to convey his point by having the character fill in the blanks on *The Match Game*. ■

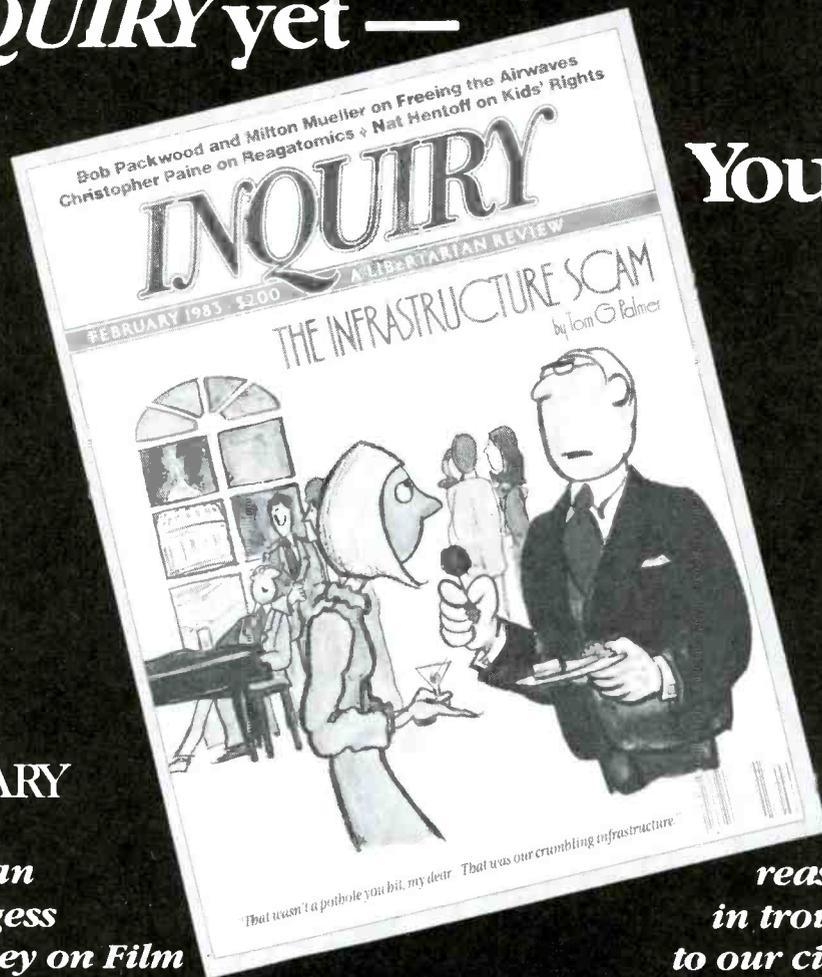
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The New Voice in Current Events

ex·po·sé, n. an exposure or revelation, as of something discreditable.



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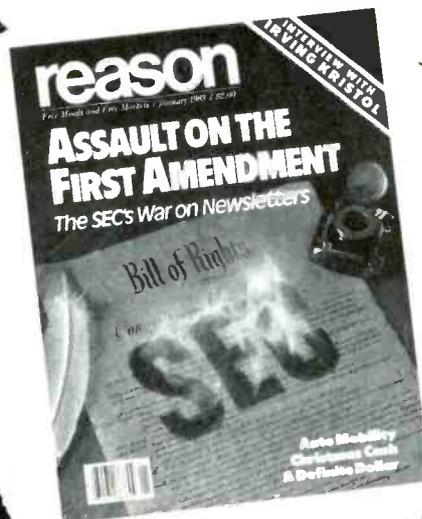
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Requiem for a Moose

How Rocky & Bullwinkle Stood Up to McCarthy, Foiled Russian Spies,
And Roasted the Cold War

THE LAST TIME I saw Rocky and Bullwinkle, I was amazed. A junior at the University of Michigan, I had gone to the student film co-op to see *Aguirre, the Wrath of God*, Herzog's poetic opus on the insanity of imperialism. I was pleasantly surprised when an episode from *Rocky and His Friends* came on before the feature. It had been my favorite cartoon when I was a kid. Hot dog, I thought, a stroll down memory lane. But as I watched our heroes defend the all-important mooseberry bush against Russian spies Boris and Natasha, I realized that there was more going on than I had ever seen as a child. "This thing is political," I hissed to my companion. "It's a satire on the cold war." "Yeah," he hissed back, "pretty subversive for a cartoon. Hard to believe it ever got on the air during the cold war."

I was sad to learn that NBC had dropped *Rocky and His Friends* from network television last September (it can still be seen on some local stations). How many cartoons do you see on television today with topical political content or, for that matter, any content at all? Turn on the tube Saturday morning and watch the wooden animation and barely moving lips of the kids on *Fat Albert* as they enact virtuous lessons on topics like divorce—with Bill Cosby coming in between scenes to explain exactly what you're supposed to learn. The blandness of latter-day cartoons makes the loss of Rocky and Bullwinkle's gentle satire even more poignant—especially since cold-war parody would be as timely in 1983 as it was in 1957, when the cartoon was first made.

How political was the show? Were producers Bill Scott and Jay Ward really fiendishly clever anarchists using the tube, that all-American medium, to sow subversive ideas in the minds of children? No, according to Scott, who was the

Mary Gaitskill is a regular contributor to Channels.



by Mary Gaitskill

voice of Bullwinkle and wrote two-thirds of the Rocky and Bullwinkle episodes, as well as *Fractured Fairy Tales* and *Peabody's History*. He is a retired Air Force major who now does commercials for Quaker Oats—hardly the profile of a subversive. "Nobody thought of it as cold-war satire or commentary at the time," he says. "We just loved to poke fun at everything—box tops and free offers and especially the military—and it naturally reflected what was on people's minds." Scott says he was once interviewed by a woman trying to do her PhD thesis on the political nature of the cartoon, but she had to drop the idea because he kept denying its validity. He points out that the cartoon was perceived a little differently by "the other side": A handbook published in the Soviet Union names Rocky and Bullwinkle as an example of anti-Soviet propaganda. "That's what happens to liberals," he says. "They get shot at from both sides."

Despite these disclaimers, it's easy to see why people could view the cartoon as anti-American. With their Russian names and Eastern-European accents, the two villainous spies, Boris and Natasha, are ridiculous caricatures of evil who parody the McCarthyesque monster of black-hearted communism. They are so exag-

gerated and silly that they make the original bugaboo seem harmless. Also, they're the ones with the brains, not the American good guys. Bullwinkle in particular is a buffoon, always failing to pull a rabbit out of his hat, always falling for the dumbest tricks the villains put before him. In one episode, in which Boris and Natasha are on a yacht steered by good-guy Captain Wrongway Peachfuzz, the boat is shown careening crazily around the ocean. Captain Wrongway, unable to stay on course, is standing cross-eyed in the center of the deck, waving his arms like a psycho and shouting, "Left rudder! Right rudder! The other rudder!" But Boris, after he dumps Peachfuzz, makes a beeline for Pottsylvania, full steam ahead.

This could certainly reflect the contemporary fear (the show was made from 1957 to 1963) that we Americans were turning into Coke-drinking slobs while the Soviets were producing armies of hale, crew-cut youths who spent all their time doing jumping jacks and solving math problems. They were filling the heavens with sputniks full of monkeys while, until 1961, we couldn't get one lousy spaceship off the launching pad.

Then there's the matter of box tops and free offers. When our heroes are marooned on a desert island, they visit a restaurant run by natives selling "poi burgers." The natives won't sell them any burgers because they accept only clams as currency. Wrongway convinces them to take a wad of cash weighing as much as the burger's value in clams—which comes to \$800. In the next frame, fat, garishly dressed, rich Americans crowd around the diner to eat \$800 burgers.

As if such barbs at American consumerism weren't bad enough, consider Natasha Fatale. At a time of pole-bodied Olive Oyls and demure Daisy Ducks, when everybody—Lucy and Ricky, Ozzie and Harriet, Rob and Laura—had twin beds and matching flannel pajamas, Natasha wore belladonna eye makeup and skin-tight dresses, and had cleavage, deadly

hips, and a Marlene Dietrich voice. Not only that, she was smarter than Boris.

According to Scott, Natasha was a controversial figure. "Networks and ad agencies are scared of women," he says. "Eventually, they complained about her. She got skinnier and more flat-chested as the show went on."

Since it is possible to look at the cartoon politically, whether Scott and Ward meant it to be subversive or not, it is rather remarkable that *Rocky and His Friends* was broadcast during a paranoid period (when the show premiered in 1957, Joseph McCarthy had just left the Senate) on a traditionally cautious, conservative medium. Back then, not even "adult" programs touched politics.

One reason may have been that, underneath it all, the show was as American as could be. Although it spoofed cold-war paranoia and criticized the country, it did so from a very traditional point of view, in a way that was likely to reinforce American values, not undermine them.

For one thing, Rocky and Bullwinkle staunchly upheld the American-Christian values the young viewers were being brought up on: puritanism, anti-intellectualism, and the primacy of duty. The

Rocky may have spoofed cold-war paranoia, but it upheld patriotic values.

naïve foolishness of the squirrel and moose is a pristine ideal of the honest, humble Christian serving the forces of good. No matter how dumb, their innate goodness insures that they always come out on top. Boris and Natasha may be smarter, but because God isn't on their side, they ultimately fail. Cleverness is associated with evil. So is sex: If Natasha and Boris are a sexy pair, our heroes are dumpily androgynous. Rocky is like a young boy, and Bullwinkle a hairy old man. The cartoon touches on primal fears of sexuality and knowledge—fears that would be especially real for children on the verge of losing their innocence and entering a complex, frightening adult world. Also, children take cartoons more

seriously than adults. To a five-year-old, Boris and Natasha could be as wicked as they were funny, and would certainly present a dim view of the Soviet Union. So much for subversion on the tube.

Even if these interpretations sound like nonsense, *Rocky and His Friends* is unique as a cartoon simply because it can sustain any interpretation at all. There is simply nothing with which to compare it on television today, and there may never be again.

For one thing, the way families watch television has changed drastically since the '50s and '60s. When *Rocky and His Friends* first appeared, families had only one television set, if they had any at all. For a cartoon to win an audience, it had to offer something to the parents as well as the kids, since parents controlled the dial. Today, the kids are holed up in their rooms with their own sets, and cartoons don't have to offer anything to adults. Under these circumstances, the possibility of another Rocky and Bullwinkle coming along in the near future is remote. Which makes the sound of Bullwinkle singing "There Must Be Little Cupids in the Briny" a special moment in television history. ■

TED TURNER

(Continued from page 30)



and *The American Professionals* and Jacques-Yves Cousteau and quality films and even a highly ambitious 60-part *Portrait of America*. Turner is convinced that America wants to go pro-social.

There's only one problem with the new shows so far: They're not successful. WTBS's share of the viewing audience has fallen from nine or ten, when the network was first metered by Nielsen in February 1981, to seven or eight. *Winners* and *The American Professionals* have already been canceled. "We're learning what the viewer will accept," Robert Wussler remarks carefully. What he will accept, Wussler has found, is

Braves baseball, movies, and "escapist programming"—what he has been getting all the while. What he will not accept, it seems, is pro-social programming. The Beaver Problem has not, in fact, been solved. And Turner cannot change the lives of a nation of *Dynasty* fans until he satisfies his gaggle of *Beaver* fans.

The drama of Turner's destiny thus takes on a moral element as well as a purely strategic one. The drama's action is his search for a passage from the world of cable to the highest plateaus of broadcasting and telecommunications. But from the subtext rises a persistent question: Will he look any different from the other guys when he gets there? Does he just want to get there to pour champagne over his head? Turner himself believes that he will be as powerful as the reprobrates who control broadcasting, but more virtuous. Perhaps there is a contradiction between these goals, but Turner does not seem able to admit that possibility.

His attempt last fall to organize a fourth network has cast a wan light on his campaigns both to be bigger and to be better. In the past year the fourth network has come to symbolize the idea that the three-network system is not immutable, that it is already in decline, that the American television system is opening up, offering fabulous possibilities to the

few bold enough to seize them—Ted Turner, for example.

Thus Turner journeyed West last fall to change the course of television history. He had already crossed over into broadcast by syndicating his Cable Headline News on (as of April) 150 television stations, as well as 50 radio stations. He had purchased the rights to the Georgetown-Virginia basketball game, which aired last December on 113 stations—87 of them network affiliates—and reached 16 percent of the national prime-time audience. But the Hollywood studios were not impressed. "Turner came here somewhat less than fully prepared," says Al Rush, president of MCA Television. "It seemed that he hadn't done his homework." Turner thought that the studios would be thrilled to do business with him, but to the studios he was a wealthy *arriviste* from cable who lacked the requisites: financing, a line-up of stations, and a list of national advertisers.

Being Turner—endlessly persuasive, infinitely confident, charmingly piratical—is not enough to qualify for an invitation to grandeur. Turner simply does not have the money for the 40-hour fourth network that he had in mind: virtually nobody, save the networks, does. So Turner Broadcasting devised a novel variant—the studios pay for the show, and profit

from a share of the advertising revenue. It is a fine idea if you happen to share Turner's boundless confidence. The studios don't. Asked whether he would consider such a scheme, Lee Rich, president of Lorimar, snapped, "Not a chance. We're not in business to put money up front."

Turner has scaled down his fourth network ambitions considerably. Hank Gillespie, head of Turner's syndication arm, now speaks modestly of rounding up stations for programming only on Saturday and Sunday evenings, or 7:30-8 P.M. weekdays, or for a single event, like a basketball game. Gillespie, for one, already knows what kind of programming Turner will use to lure independents shopping for a schedule. *Nice People? Winners?* Well, no. Gillespie, like his boss, waxes poetic over *Ozzie and Harriet* and *Ed Sullivan*, and he, too, would love to make nice shows.

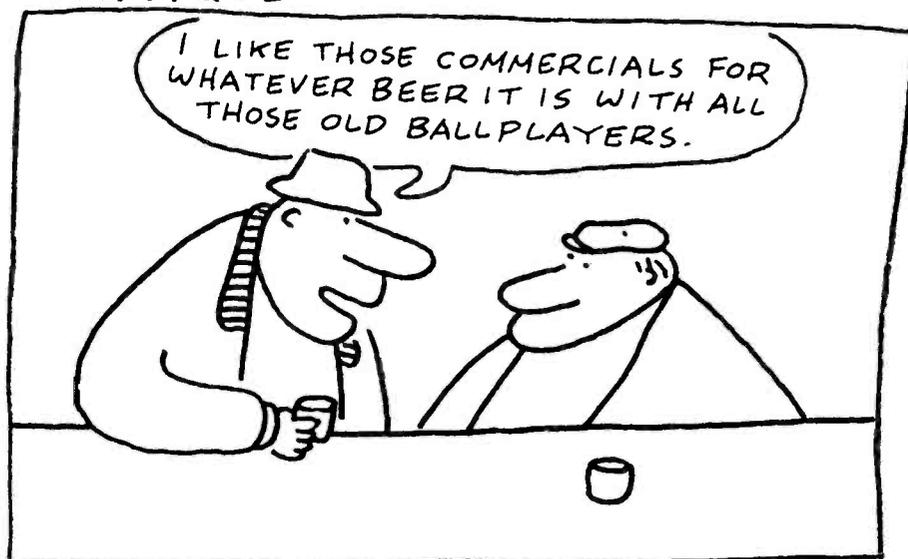
But Gillespie is a weathered pro; he knows that the studios and stations want to be reassured that any new entrants to the network game have the same sexy, violent ideas as the old ones. "We've suggested to [the studios] that they make the same caliber programs they're making right now. Lorimar makes *Dallas*; we've suggested they make *Houston*. Fox made *M*A*S*H*; make a series called *S*M*A*S*H*. Columbia makes *Fantasy Island*; make a series called *Bermuda*."

Shacking Up with Sinners

IMITATION isn't the sincerest form of flattery, then possibly corporate merger is. People who had grown accustomed to hearing Turner thunder like Cotton Mather against the networks were somewhat bewildered to hear that he had held "discussions" this past January and February with those very same incarnations of evil, as well as with Metromedia, Gannett, and Time Inc. The negotiations came to nothing, probably because, in the words of Arnold Semsy, vice president for media at the advertising firm of Batten, Barton, Durstine & Osborne, "Turner has an unusual position. He's kind of saying, 'Buy me and let me run it.'" Turner was not offering, as Robert Wussler puts it, to "dial out." He was trying to sell the company for enough stock—he reportedly placed its value, initially, at \$800 million—that he could subsequently devour his devourer. Turner has even explained exactly how he could pull off this feat with CBS.

The problem is, as Semsy and others point out, nobody wants what comes along with Turner's deal—Turner, whom the networks view as a wolf in sheep's clothing, as well as an intemperate kook.

CRITIQUE



C. Barvotti

Metromedia reportedly offered Turner cash, but dialing out was not on the agenda. Speculation has centered on CBS which, as the grandest of the networks, must exert a special fascination for Turner. One person close to the negotiations claims that Turner sent CBS chairman Thomas Wyman a one-page set of bright ideas for reorganizing CBS along more efficient lines—firing 7,000 of the company's 12,000 employees, for starters. Though the great gray network took a second meeting with this bumptious upstart, and was briefly rumored to be ready for a deal, Wyman claims to be entirely unimpressed. Turner, he says, has "totally exaggerated" TBS's value and growth potential (now threatened by the CRT ruling), and he adds pointedly that "Turner apparently felt that his cable holdings could work with our broadcast holdings, and we didn't."

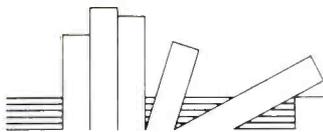
There are, however, a few other ways to enter this high-stakes poker game. Turner has the skill and the pluck; what he doesn't have is the money to ante up. "Buying power," as Terry McGuirk says, "is what we see as the key to the future." The stakes are getting higher all the time: The telecommunications industry is currently engaged in a wild scramble for capital. Even more common than mergers are joint ventures, in which several parties pool capital for mutual benefit. Producers, distributors, syndicators, advertisers—all are frantically concocting deals with one another.

At this rate, says William Bevins, soon "you won't have access to programming without some sort of partnership with a producer." But a major deal with a studio, or a wealthy station owner like Metromedia, or a giant bystander like Coca-

Cola, could enable Turner to upgrade WTBS instantly, purchase first-run films, buy the television rights to a national sport. (He tried, and failed, with baseball's 1984 schedule.) Without such an infusion of capital he may stall while others pass him by.

Behind Turner's relentless probing and searching stands his one truly sovereign characteristic—a vaulting, perhaps boundless ambition. "It's scary," says Terry McGuirk, "to think of what he might want to undertake." But let us imagine, for a moment, that Turner got what he wanted; let us imagine that he assembled a fourth network or, better still, owned CBS. Perhaps he would gleefully trample the network system as he did Newport. An entrepreneur, a rank outsider, a despoiler of cities, Turner might bring a new daring to the conservative networks. He might bring a new concern for documentaries and intelligent programming. He might plunge headlong into new technologies.

Or it might be the networks that will convert Turner. His career has followed a steady trajectory towards propriety. CNN bears a strong, and by no means accidental, resemblance to the three networks; the hoped-for fourth network would be virtually indistinguishable from the network product. Might not Turner emerge as a philistine William Paley, an empire-builder distinguished principally by his contempt for good manners? In his few years as a television mogul, Turner has proved endlessly entertaining, an apostate admired even by his worst detractors. It would be disheartening to watch him forsake this special status in order to join the ranks of the mighty and predictable. ■



Videotext Issues Made Easy



The Birth of Electronic Publishing: Legal and Economic Issues in Telephone, Cable, and Over-the-Air Teletext and Videotext

by *Richard M. Neustadt*
Knowledge Industry Publications, Inc., \$32.95



Pushbutton Fantasies: Critical Perspectives on Videotext and Information Technology

by *Vincent Mosco*
Ablex Publishing Corporation, \$22.50

OVER THE LAST TEN YEARS few books have been written about teletext, videotext, or any form of electronic publishing, and those have come mostly from doctoral candidates at Massachusetts Institute of Technology. Books on the impact, significance, and future of this medium are still highly specialized, but their appeal is no longer strictly limited to engineers more conversant in Fortran than English.

For the uninitiated, videotext is essentially a way of sending information from a computer database over a telephone line, into your home and onto your television set. The user, in most cases, can "speak" directly to the computer and request the exact information he desires, facilitating interactive services like home shopping or banking.

Teletext is a slightly different beast. Here, information flows in only one direction. The viewer has a smaller database from which to select, and the broadcaster sends the information to the home by cable or over the air, where it is then decoded by an expensive little box. Viewers (or are they readers?) can choose news, weather, sports, or dozens of other general-interest topics.

Richard M. Neustadt, the author of *The Birth of Electronic Publishing*, is a Washington-based attorney and former Carter aide; his book is as much mani-

festos as treatise. Because Neustadt's law firm represents several companies involved in the medium, one wonders whether he speaks for himself or the companies that do business with his firm. The recommendations with which he concludes the book largely coincide with the wishes of electronic publishers.

Despite his ties, Neustadt gives a literate and objective account of the legal and economic questions that wait to be answered in the electronic publishing field. Because electronic publishing falls between print and television, the new medium has yet to find a place in the eyes of the law. It is not yet clear, as Neustadt writes, whether electronic publishers will have the full freedom enjoyed by newspapers or whether, like television, they will be responsible to the Federal Communications Commission.

Neustadt warns that two-way television brings us closer to Orwell's 1984. The bank-at-home capability of videotext, for example, has led to fears about the invasion of privacy. "By 1984," Neustadt writes, "electronic publishing and home transaction services may well prove serious privacy problems. While no one is proposing to put cameras inside TV sets, these services will collect and transmit vast amounts of personal information. Existing privacy rules are woefully inadequate."

Yet like most Washington lawyers who make their living intervening between client and government, Neustadt is of two minds on the subject of regulation. In the spirit of deregulation, he calls for the exemption of electronic publishing from the Communications Act, which gives the FCC its authority over television. But Neustadt also favors applying to teletext the Equal Time Rule, which does not apply to print journalism and cable.

Neustadt also believes that the FCC should set technical standards for electronic publishing, as it has for the television and radio industries—a matter of great economic concern to the competing firms. But the Reagan Administration is likely to prefer uninhibited marketplace warfare to mediating among competitors.

In *Pushbutton Fantasies*, Vincent Mosco worries that the electronic publishers have too much free rein. Mosco, who teaches communications at Philadel-

phia's Temple University, argues that videotext will deepen people's alienation as it, along with other machines, becomes the focal point of their lives.

Productivity, Mosco predicts, will be judged on the number of keystrokes per worker, which the computer will supply to the boss. This dire vision reflects the popular fear that computers will have power over all facets of our lives; yet it has more to do with science fiction than fact. Computers can just as easily become slaves to humans; it all depends upon how the machine is used.

Culture "is the embodiment of domination, the subtle insinuation of class rule into daily existence." Mosco sees videotext as a potential tool in this war of domination, and he fully expects the technology to remain in the hands of the rich and powerful. He fears the medium could be used to subvert democracy. In the age of information, if knowledge is power, then the poor will be powerless.

But Mosco is missing a crucial point. This medium is not exclusive; it may very well become as widespread as television. It may become possible for viewers to create their own electronic pages; electronic publishers, like cable systems, may provide a form of public access.

These books suffer from a similar problem: They are written by outsiders, albeit interested and intelligent ones. Many problems they foresee are not likely to develop. It is unlikely, for example, that the Equal Time Rule will often come into play, because there will be no Sunday-morning news programs where political candidates are interviewed. Nor are teletext or videotext likely to become primary sources of news. Rather, they will be promoted as inexpensive sources of electronic games, classified ads, banking services, stock listings, and computer memory. Thus, they will bring more in the way of conveniences than intellectual challenges.

Teletext and videotext have both already succeeded. They are used by stockbrokers to keep track of the market and physicians to read the latest journal articles. But the big question is, will this medium broaden into a mass-market product? Several corporations are betting millions of dollars it will. ■

FRED BRATMAN

Fred Bratman is a writer for Time Inc.'s teletext project.

A View from the Brits: Westward No!

by Alistair Milne



THE WORD "REVOLUTION" is bandied about too readily and with too great a relish—even by people who do not think the French and Russian revolutions brought unmitigated blessings to mankind. What we in Britain are now facing is not a revolution but very rapid technological change. It cannot be said that either industrial or mercantile Britain has always adapted in good time to technological change. However, there are notable exceptions to this observation, and one of them is in the field of electronics.

Since Britain has not only first-rate scientific and technological know-how, but a substantial lead in electronic application to broadcasting, it has less reason than almost all our Western European partners or American friends to be fearful in facing the new technology. But as a community proud of our broadcasting

Alistair Milne is Director-General of the BBC. This article was adapted from his speech to Britain's Cable Television and Satellite Broadcasting Conference, delivered several months before the British government announced its proposals for developing cable television.

'We may be better off with four channels than forty.'

standards, we are bound to scrutinize the use to which this new technology will be put.

It is often argued that in matters involving technical progress all we need to do is heed Arthur Hugh Clough's injunction, "But westward look, the land is bright." I would like to emphasize that, on the contrary, as far as broadcasting is concerned, we should as a nation *not* look westward. The United States does not provide proper analogies in the domain of either cable or satellite broadcasting.

The foundations of American broadcasting were laid in the '20s. A continental spaciousness, a relatively uncluttered frequency spectrum, and a different interpretation of the public good, in broadcasting terms, from that adopted by any European country, eventually resulted in a system that produced outstanding business returns, but did less than full justice to its technical or cultural potential. The Federal Communications Commission

had inadequate powers of intervention, so that, to take only the most obvious example, the television signals leaving innumerable transmitters in the United States cannot compare in technical quality with the standards we have come to take for granted in Europe. The siting of these transmitters can be partly blamed for this: in any American city you are likely to get only a fraction of sharp pictures from the vast choice theoretically at your disposal. The fact that cable penetration has reached 37 percent of the available American television audience has a lot to do with the willingness of millions of Americans to pay extra to see clear pictures. But not only to see clear pictures.

The interruption of programs by commercials has been so insistent and has proved, over the years, such a cumulative irritant, that being wired for cable or connected to a satellite facility is itself a deliverance from being asked to buy this, that, or the other for up to 18 minutes per broadcast hour. In Britain, we have mercifully avoided what in my view amounts to a major cultural catastrophe. Not only that, we have divorced program-making from the source of finance: advertising. Hence, neither in general nor in particular is there a precedent, let alone an ex-

Illustrations by David G. Klein

ample, to be found on the other side of the Atlantic.

The Hunt report, commissioned by the Prime Minister to explore Britain's options in cable television, contains a crucial phrase, namely "widening choice." It is very important indeed that this expression, couched in language that can mean all things to all men, be rigorously examined. If in the United Kingdom, as a result of cable expansion and satellite transmission, we go from four national television networks to, say, eight, plus dozens of local cable channels, there will be no widening of viewer choice if all these new outlets offer *Dallas*.

I am not using an absurd example. Try switching from channel to channel in the United States and make up your own mind whether the fare offered there is as varied as the programming our four national television channels provide. Contrary to recent assertions, it is most emphatically not. For instance, in America very little television drama, as we understand it, is being written or produced. Feature film material made for television in Hollywood, yes; soap opera, yes; television drama, no! There is very little documentary, a form of programming in which we particularly excel.

Even in light-entertainment situation comedy, there was hardly any change in the United States for a couple of decades until the BBC produced *Steptoe and Son* and *Till Death Us Do Part*, showing that hard-hitting humor arising out of class or ethnic differences could have general appeal without causing too much offense. Both of those shows were adapted to American circumstances (becoming *Sanford and Son* and *All in the Family*) and let fresh air into an extraordinarily homogenized market—a market characterized by sponsors fearful of offending consumers, and producers in turn fearful of offending sponsors. You can "widen" viewer choice over four networks and narrow choice over 40.

There was much talk in the Commons last year of the BBC having led the counter-attack on cable. That is nonsense. It is the manner of its introduction that concerns us. There is bound to be a heavy emphasis on urban cable expansion, while a great many rural areas are unlikely to be reached by this particular technology. Indeed, we calculate 40 percent of the country will not be cabled in this century. And any commercial cable operator will have immense difficulty finding the software—namely the programs—for the multiple outlets the new medium is offering.

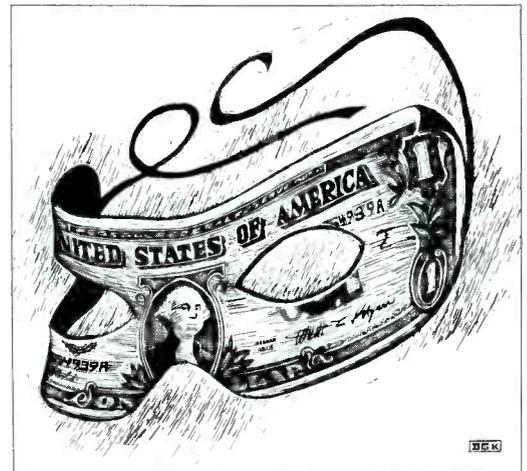
To acquire ready-made programs—

and ones that aren't too expensive—would be one obvious solution. Such programs will largely have to come from the United States, where domestic transmission will have covered the costs of production. We at the BBC already know, from years of experience of buying only the very best American entertainment programs, what an immense amount of inferior programming is being offered. To imagine that it is possible to buy additional American programs *and* maintain the broadcasting standards we are used to, is not to live in the real world.

Considerations such as quality and diversity, availability, affordability, and regulation truly make cable into a technology that—if not made to serve the public interest—can widen cultural and social divisions between town and country, and rich and poor. What the BBC will do is ask afresh, with every new electronic device that betters program transmission, reception, or production, whether it can be made to benefit the entire community we are meant to serve. It behoves us all to ask such questions before irrevocable decisions are made.

When Greed Masquerades as Principle

by William Fore



DEREGULATION is broadcasting's Big Lie. Many people genuinely concerned about free speech are beginning to accept broadcast deregulation as something vaguely benign or even in the best tradition of America, rather than seeing it for what it is: a venal and deceptive strategy clothed in patriotic appeal while actually jeopardizing our freedom of expression.

The idea that the government should keep its hands off the broadcast spectrum began, of course, with broadcasters, but in the last few years it has gained powerful support in the Federal Communications Commission. FCC chairman Mark Fowler made his views clear in his first speech after gaining office, in June 1981. Fowler objected to all restrictions on the broadcasters' programming choices: "I believe that in this age of a multitude of mass-media voices, it is unrealistic, unfair, and unnecessary for government to tell you . . . what we think is good for the American people to hear and force you to

provide programming in response."

As the deregulation movement has gathered momentum, three primary arguments in its favor have been mustered:

- **End of scarcity**—With the advent of hundreds of cable-TV systems, as well as direct-broadcast satellites and low-power television, the old argument that demand for frequencies outstrips supply is no longer applicable.

- **Freedom of speech**—Technical differences between broadcasting and newspaper publishing do not justify the existence of legal differences. Broadcasters should enjoy the same First Amendment rights as newspapers.

- **The marketplace**—The free interplay of market forces is most likely to achieve a maximum diversity of ideas and viewpoints and meet the communications needs and interests of society as a whole.

The end-of-scarcity argument is easy to make and easy to refute. Nationwide there are 9,000 radio stations, and nearly 800 commercial and 269 noncommercial television stations—and only 1,750 newspapers. Thus, no scarcity. Of course, a fair comparison would measure elec-

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tronic outlets against *all* print media, including tens of thousands of specialized magazines, pamphlets, and newsletters. But the real refutation of the end-of-scarcity argument lies in the marketplace itself. In 1981 WCVB-TV in Boston sold for \$220 million. Last year KTLA-TV in Los Angeles went for \$245 million. Does anyone seriously think that the physical plant of either station is worth almost a quarter of a billion dollars? Of course not. What the buyer purchased is some \$20 million to \$30 million worth of plant, facilities, and goodwill—and a \$200 million license to a government-enforced monopoly on an immensely valuable set of frequencies.

But scarcity is not the primary justification for regulation. Dallas Smythe, a communications scholar at Simon Frazer University in Toronto, wrote in a recent issue of the *Journal of Communications* that the radio spectrum must be regulated not because it is scarce but because it is "common property." The spectrum, in other words, should be treated in the same manner as public resources—fisheries, forests, parks, rivers, and roads. When such resources are treated as if they were private property, users destroy their capacity to serve the individual, the market, and society in general. It was, for example, the broadcasters themselves who first requested government regulation: The workings of the free market had led to anarchy, with interference preventing many from receiving a consistent broadcast signal.

Challenging the freedom-of-speech argument is like questioning the wisdom of unrestrained motherhood. But free speech, like motherhood, is a means to a larger end. James Madison insisted that the right to speak openly must subserve the goal of achieving "popular government," by which he meant democracy.

Yet last fall, Dan Rather led a series of witnesses testifying at Senator Robert Packwood's carefully orchestrated Senate hearings in favor of a constitutional amendment to eliminate both the Fairness Doctrine and the Equal Time Rule. "Our government," he said, "should not have the power to regulate the content of any media."

It sounds good, like a newscaster should. But of course the government does have the power and it does regulate speech. The only question is, where should the line be drawn between regulating speech to keep it *open* to many and regulating to keep it *controlled* by a few? Jerome Barron, dean of George Washington University's National Law Center,

recently observed that although the First Amendment guarantees freedom of the press, the Supreme Court has ruled that the purpose of this freedom is "to preserve an uninhibited marketplace of ideas in which truth will ultimately prevail, rather than to countenance monopolization of the market." Thus, he says, "there is absolutely no doubt in my mind that Congress can legislate to increase the number of independent speakers in the communications process." This means it is completely consistent with the First

of programming without an obvious commercial pay-off will be threatened. The FCC already deregulated radio, in August 1981, essentially freeing station owners from their public-service obligation as well as their community accountability. Several hundred stations have since diminished or eliminated their public-service programming.

Television news is already a disaster of happy talk and beautiful people. Deregulation can only render news programming even more nonchalant. Religious pro-

Monopoly, not regulation, is the First Amendment's true enemy.

Amendment that Congress require broadcasters to present all sides of controversial issues of public importance—though it certainly could not tell broadcasters *what to say*.

The real enemy of free speech is not regulation but *monopoly*—over communications outlets, over sources of news, programs, talent, transmission lines, or over any part of the communications process—which constrains robust debate and the free flow of ideas.

The marketplace argument is really part of a larger struggle to redefine the relationship of the private to the public sector. The question, essentially, is whether public-interest ends or private commercial ends will prevail. Dallas Smythe argues that governmental planning to delineate the use of the broadcast spectrum is an essential part of the exercise of sovereignty. If the government has no such role, then the marketplace might just as well take over in every arena.

The specific argument that a free market guarantees diversity can be rebutted by looking at an actual market, even one as rich as New York. On radio, with some 30 to 75 stations, there are at most only 10 "sound" categories into which almost every station fits. None of them broadcasts live music or original drama, and with the exception of some radicalism on listener-supported WBAI and a handful of Hispanic and black stations, the news and public-affairs broadcasters present no real diversity of views on public issues. It is almost impossible to find children's programming that would satisfy a conscientious parent. Of the nation's 8,000 commercial radio stations, in fact, not *one* aims at children 12 and under.

If the government yields up all supervision of broadcasters, then any form

programming has been equally debased in the new anti-regulation climate. With more and more stations feeling they can get away with selling time for religion, just as they do for any other program, religious shows are growing more commercial so they can afford to buy time; religious diversity on television is rapidly disappearing, since only the wealthiest can survive.

The ill effects of broadcast deregulation on politics are not hard to envision. With the electronic media deregulated, politicians and candidates would have to buy their access to the public along with every other "advertiser." A broadcaster could keep a disliked legislator off the air if he so desired, or eliminate unpopular points of view. And even leaving aside the threat of such discrimination, already enormous campaign costs could become astronomical: Much of the staggering \$314 million spent on the last congressional election went to television.

The alternative to deregulation's many perils is to make regulation work: to cut much of the administrative process that ensnares stations and costs taxpayers money, while retaining the basic principle that the spectrum is *common property*, a precious resource to be regulated in the public interest.

Several church bodies, led by the United Church of Christ, are currently appealing the FCC's deregulation of radio in the D.C. Court of Appeals. But meanwhile, it is crucial to the future of our democratic society to spread the alarm about the Big Lie. For while we can always change representatives, administrations, and budgets, if we eliminate the public-interest requirement in broadcasting and turn monopoly control of the frequencies over to individual broadcasters, our loss will be irretrievable. ■

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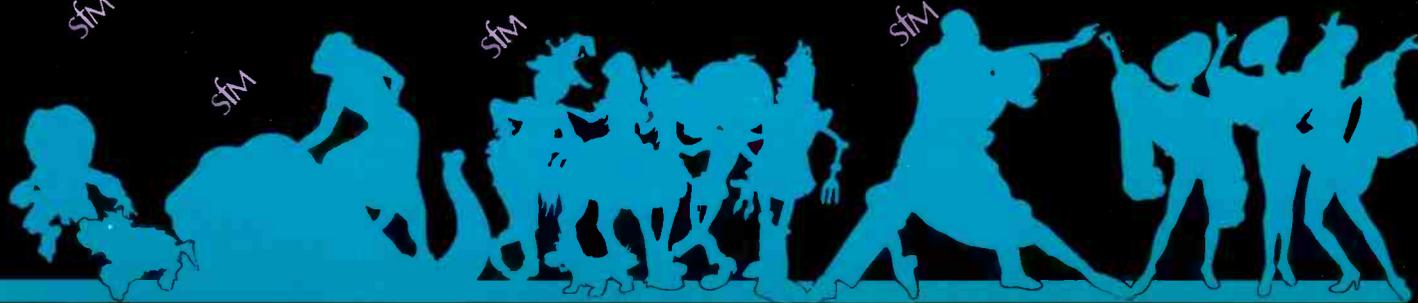
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