bly-line production. He said the $50 figure was arrived at by the assumption that subscribers on average would be willing to pay an additional $8 a month for premium programs on top of the $6 a month they already pay for the cable service and the converter. With that expected income from pay cable, a black box more costly than $50 doesn't make economic sense.

Mr. Michels has yet to find a converter at that price that has the requirements he seeks. One of the less expensive pay terminals does not offer two-way service and therefore precludes impulse buying of programs. The subscriber has to telephone to a pay-TV center if he wants to watch a certain program, and if that is a last-minute decision right after the evening meal, the switchboard, in Mr. Michels's opinion, is going to be jammed with incoming calls. The box he wants has to be able to let the customer make up his mind on the spot, and must record his decision or in some way make certain the subscriber will pay for what he watches.

Meanwhile Time is pouring money into its Home Box Office, a movie and sports cable-networking company. Home Box Office provides its service, not on a per-program basis but through a monthly fee from cable subscribers. Beginning its operations in eastern Pennsylvania, it is moving closer to Manhattan. Early this month it initiated its service for Teleprompter subscribers in the New York suburb of Mt. Vernon. The fee there is $7 a month. (That, of course, is in addition to the regular cable fee.) It offers, among other fare, the Knicks and Rangers games that are now shown to regular cable subscribers at no extra cost in Manhattan. How long before Home Box Office will move into Manhattan in some combination of services with the cable companies is a matter for speculation.

Mr. Zorthian said that before cable TV is financially viable in Manhattan the terms of the franchise will have to be changed so that the customer can be charged more. He also said illegal drains that are adding millions of dollars to the cost of doing business in Manhattan will have to be stopped. But perhaps most of all, he said, ancilliary cable revenues will have to be obtained for additional service. Pay cable is the most likely prospect. But also—particularly in Manhattan Cable's franchise with its office towers—there may be money gained by offering data transmission over cable or providing information retrieval services.

Mr. Tarshis, New York's franchise chief, would like to see cable television offering the Bell Telephone system some competition that would help to bring down rates and boost service. He suggested that cable could furnish the city with an internal telephone service.

He suggested the cable operators in Manhattan should take the long view. "It's unfortunate that this industry has not really forged ahead," he said. "The profit will be here, but not today. It will be in the future."

NCTA told to pull its own chestnuts from the fire

NAB's Walbridge rejects Foster proposal that broadcasters monitor themselves on pay-cable comments, says stations' stands are matter of their own judgment

The National Cable Television Association has been turned down in its request that the broadcast industry police itself for comments on the pay-cable controversy that could involve the fairness doctrine. That was made clear last week by Willard E. Walbridge (Capital Cities Communications), chairman of National Association of Broadcasters' special committee on pay television, in a letter to NCTA President David Foster. The NCTA, however, is continuing its own monitoring, but has come up with only one fairness trophy thus far.

Mr. Foster, in an Oct. 10 letter, had asked NAB—through Mr. Walbridge—to advise NCTA when broadcasts concerning the NAB-NCTA dispute over pay cable come to its attention. Such assistance, Mr. Foster said, would assume that "the concept of fairness would be met most appropriately" (BROADCASTING, Oct. 22). That suggestion, Mr. Walbridge replied last week, "is, as you doubtless anticipated, unacceptable to us.

"Even if we had the monitoring capability you ascribe to us," Mr. Walbridge wrote, "we would regard it inappropriate to intrude upon the judgment of the local broadcaster as he meets his fairness-doctrine obligation."

Mr. Walbridge also denied Mr. Foster's claim that NAB—which has previously acknowledged that pay-cable-oriented broadcasts would incur a fairness obligation—is encouraging its members to editorialize in favor of NAB's antipay campaign. While "we welcome such editorial support," he stated, "you must recognize that such activity is a spontaneous response to the pay-cable issue, and the decision to editorialize about it remains where it should—at the local level." He further suggested that NCTA might not be the only appropriate party to respond to any forthcoming editorials, noting that local cable operators also have a stake in the issue. "Of course," he told Mr. Foster, " I realize that a great many of your members do not agree on the current NCTA 'party line' on the pay-cable issue—but that's your problem, David, not mine."

To date, only one broadcaster is known to have espoused the NAB position over his facilities. He's James D. Johnson, manager of the Nebraska Television Network (KHOL-TV Kearney and satellites KHQL-TV Albion, KHPL-TV Hayes Center and KHTL-TV Superior). Mr. Johnson presented his remarks on the four stations' evening newscasts on Sept. 17 and again at noon Sept. 18, and immediately sought out cable interests to respond. But, according to Mr. Johnson, no local group came forward. NCTA did. Mr. Foster taped a response early last week and it was reported to have been broadcast a few days later.

In his remarks, Mr. Johnson embraced the position publicized by NAB in the first of two ads it placed in Washington's daily newspapers last month. He claimed that the siphoning of free-TV programing by pay-cable entrepreneurs could cost the consumer extra money each month. He claimed that pay interests are now trying to persuade the federal government to give them permission "to buy the exclusive rights to the things you enjoy every week on TV: NCAA football, the World Series, the Super Bowl." He asked, "What will happen to free TV? Well, you can still watch it—as long as it exists—but the things you enjoy most will not be there to see, because pay-TV operators will buy it up and either force you to pay for it or go without."

Mr. Johnson explained that his decision to take the pay issue to the airwaves was predicated, in part, on a particular problem that could result in the rural area his stations serve if siphoning became a fact of life. Noting that pay-cable probably won't come to sparsely populated Nebraska, he claimed that "if they [pay-cable operators] took over, people in my area would be completely deprived. My viewers simply wouldn't get to see anything."

Mr. Johnson expressed dismay that more broadcasters haven't followed his example, attributing it to a "general hesitancy on the part of any network or broadcaster to toot their own horn."

But Mr. Johnson's viewers were given an entirely different perspective on the issue last week when Mr. Foster appeared over the NTN facilities. "You the television viewer and the consumer should have the chance to decide what you want to see on television," Mr. Foster proclaimed. "Don't let the broadcast industry distort the picture for you . . . The cable industry has always been committed to consumer choice." He denied Mr. Johnson's claims that pay operators have designs on standard television offerings, claiming that Congress and the FCC would never permit this. He said pay cable could, however, bring greater choice in programing in addition to standard TV fare without commercials.

An inch toward state regulation of pay cable

New York commission, in action that implies assertion of authority, okays HBO service in Mount Vernon

The New York State Commission on Cable Television has moved cautiously into the regulation of pay cablecasting in what could become a jurisdictional dispute between state and federal authorities. The development marks the first time that a state regulatory agency has passed judgment on a pay-cable issue.

In a carefully worded order, the com-