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**A Review of
Cable Television and
The Communications
Act of 1978**

Issues & Comments

Introduction

On June 7, 1978, House Communications Subcommittee Chairman Lionel Van Deerlin (D-Calif), and ranking Minority Member Louis Frey (R-Fla), introduced the Communications Act of 1978 (HR 13015).

This legislation is intended to replace the 1934 Communications Act, the Federal law under which the Federal Communications Commission has been regulating telephone, television, radio and other communications services. Cable television is not mentioned in the 1934 Act for the simple reason that it did not exist when the Act was written. Nevertheless, cable television has been regulated by the FCC as "ancillary to broadcasting," and, as a result, been subjected to regulation designed to limit consumer choice and protect television broadcasters from competition.

NCTA supports the efforts of Congressmen Van Deerlin and Frey to update national communications policy. However, there are provisions within the current legislation that demand careful review. The following topics related to the new Communications Act are of great significance to the future of cable television:

- A Federal Purpose for Cable Television
- Federal/State/Local Regulation of Cable Television
- Telephone/Cable Television Cross-Ownership
- Separate Subsidiaries—Cross Subsidization
- Prohibiting Cable Operators from Programming Their Systems

The majority of quotations in this overview are from the Hearings on HR 13015 conducted by the House Communications Subcommittee. It is the Subcommittee's intent to re-draft this legislation after evaluating information presented at these hearings, and introduce new legislation after the first of the year.

For further, more detailed information on the cable television industry's response to this legislation, contact NCTA's Government Relations Department.

A Federal Purpose for Cable Television

Background

HR 13015 (Section 102(b)), provides that the new Communications Regulatory Commission (CRC) will not have jurisdiction over "any intrastate telecommunications facility" which does not utilize the electromagnetic spectrum in the direct distribution of its service to consumers. As a result, there is no Federal recognition or role for cable television, while the communications entities with which cable competes are dealt with on the Federal level.

NCTA Position

Cable television currently provides service to one out of every five households in the United States. It is projected that by 1981, 30% of all households will be served by cable television.

Today, cable television systems are interconnected by satellite and terrestrial microwave in order to provide the public multiple program options from national distributors. In fact, the cable television industry is now the nation's leading user of domestic communications satellites with nearly 800 earth stations in use or nearing completion.

Cable television is an interstate, national medium which also has a unique capability of serving local communities. As such, a baseline Federal policy should be established. This Federal purpose should provide a coordinated national policy. The absence of such a Federal purpose would inevitably lead to conflicting non-Federal regulations based on parochial, not national, interests.

What Others Have Said

Charles D. Ferris,
Chairman, Federal Communications Commission

"If cable television provides new services for the public it could have a significant impact on national telecom-

munications policies. . . . HR 13015 would preclude Federal cable regulation, presumably in order to stimulate new services, but the bill would not pre-empt non-Federal cable regulation I wonder, however, if it is consistent for the bill to endorse regulation by the marketplace and to de-emphasize Commission regulation, while ignoring potential state regulation."

July 18, 1978

James Quello,
FCC Commissioner

"It is my frank opinion that total abdication of jurisdiction over cable television may be ill-advised . . . it seems to me that rather than deleting all Federal jurisdiction over cable television, the bill might well provide for assertion of jurisdiction in specified areas or under certain circumstances."

July 18, 1978

Abbott Washburn,
FCC Commissioner

"I also share his doubts (Ferris) about the wisdom of removing all Federal regulation from cable television. This could end up subjecting the cable television industry to a crazy quilt of state and local regulations."

July 18, 1978

Dean Burch,
Former FCC Chairman

"I do not agree that cable is not part of the national scheme I think cable is an important part of our telecommunications system."

July 19, 1978

Fred Ford,
Former FCC Chairman

"It is my view that cable television is engaged in interstate commerce under the provision of this bill despite the language of Section 102(b)."

". . . I have a very strong feeling that in order to have a unified national system the Congress should exercise its prerogative to regulate this national business."

July 19, 1978

Sister Angela Ann Zukowski,
Communications Office of the Archdiocese of Cincinnati

"We support the concerns raised by many over the neglect of cable tv in the current draft of the proposed Communications Act. The prediction is that cable television will someday revolutionize communications and television as we know it today. In their rush to Federal deregulation, the drafters of this bill should have paid much closer attention to this rapidly growing industry."

September 15, 1978

ISSUE:

Federal/State/Local Regulation of Cable Television

Background

Section 102(b) of HR 13015 prohibits Federal regulation or oversight of cable television. Additionally, the bill establishes no guidelines for cable regulation at the state or local level, nor does it limit the number of levels of government which may regulate or the manner of regulation that may exist at the non-Federal level.

NCTA Position

HR 13015 will generate the same kind of restrictive regulation at the local level that it abolishes at the Federal level.

The bill would permit a state or local governing body to repeat the regulatory mistakes which have previously been made in Washington and are now recognized as ill-conceived and anti-competitive. Under HR 13015, non-Federal governments would be allowed to develop restrictive rules for the purpose of retarding cable service in order to protect broadcasters from competition.

NCTA has presented to the Communications Subcommittee documented examples of states and/or local communities that have restricted either cable entry or particular services, because of cable-competitor pressure.

Current Federal standards have been the major barrier preventing burdensome non-Federal regulation. Even at present, cable television is subject to three-tier regulation—local, state and Federal. There are issues of national policy that warrant Federal cable television guidelines. Likewise, there is a role for non-Federal oversight—either at the state or local level, but not both on identical issues.

If the Congress determines that a national communications medium such as cable television should be deregulated at the Federal level, the Congress should also assure that a competitive environment free of

unnecessary regulation also exists at the non-Federal level.

What Others Have Said

**Newton Minow,
Former FCC Chairman**

"In the case of cable, that is a place where the technology is changing so fast that I don't see why we would want to transfer that out to 50 states, each having its own rules, which I think would tend to impede a very rapidly changing technological advance."

July 19, 1978

**Abbott Washburn,
FCC Commissioner**

"I think it subjects the cable television industry to kind of a never-never land of perhaps even as many as 50 different state sets of regulations. There are elements that need regulation at the Federal level."

July 18, 1978

**Edward Hayes,
National Conference of Black Lawyers**

". . . I respectfully suggest that in its effort to correct the past difficulty, the new Act goes too far. Total Federal deregulation such as that contemplated in HR 13015 can only cause chaos in the cable industry and not further the public's need for the services which could be provided."

July 20, 1978

Rep. John Murphy, D-New York

"There are those of us who favor the development of cable, because it can provide the public with a multiplicity of channels for a wide variety of programs and services . . . but if national interconnection is to become a reality, a Federal administrative agency must set the technical standards for compatibility among systems to insure that cable programming can flow through the nation."

July 27, 1978

Jack Corman, National Rural Center

"I have some questions, but no answers, about whether Federal deregulation, particularly of cable television, may not result, perversely, in more regulation and less diversity. It is possible that the regulatory vacuum will be filled by a bevy of State and local rules analogous to the situation produced when Title XX of the Social Security Act simplified social services delivery."

July 20, 1978

Dean Burch, Former FCC Chairman

"I am not suggesting . . . that the Commission should have detailed regulatory power over cable, but I do think there should be a point at which the Commission, through the Congress, should give the Commission authority to pre-empt certain of these areas from the State and local government, if State and local government interferes with the national scheme."

July 19, 1978

ISSUE:

Telephone/Cable Television Cross-Ownership

Background

Section 332 of HR 13015 permits any telephone common carrier to create a separate subsidiary to operate any service which the CRC determines to be "telecommunications" including cable television. Thus, all current provisions of law designed to insure fair competition by the telephone company are repealed, including the Federal Communications Commission's ban on cable/telephone cross-ownership, and the Justice Department's 1956 Consent Decree, in which AT&T agreed not to engage in non-common carrier communications services such as cable television.

NCTA Position

Empirical evidence was presented at the hearings on HR 13015 demonstrating that entry of the telephone company into the cable business means the end of competition and the inequitable and inefficient expansion of a new monopoly service. The FCC in 1970 banned telephone companies from providing cable television services in areas where they maintained telephone operations because of a documented record of telephone company anticompetitive conduct.

Additionally, it has been demonstrated in a number of administrative and legislative proceedings that marketplace forces cannot function where one industry (telephone) has a total monopoly over the gateway (poles) to which another industry (cable television) must gain entry in order to do business. HR 13015 repeals the 1978 pole attachment law which provides a Federal or State forum for resolution of pole attachment disputes as a means of preserving competition in telecommunications services.

The result of letting the telephone companies into the cable television business would be simple: telephone companies would be able to cross-subsidize from their monopoly services into cable television, making it impossible for independent cable companies to compete and survive, thus resulting in an expansion of the telephone monopoly.

The cable television industry is not seeking protection from any technology. If telephone carriers can provide a "one-wire" communications capability with fiber optics, coaxial cable or any other facility that is more technically efficient for *delivering* video services than cable television, there is nothing in current law to prevent them from doing so, nor does the cable industry seek limitations on their right to do so. It is essential, however, that the telephone monopoly not be expanded into the competitive area of *programming* video services.

It is one thing to allow the telephone monopoly to build the communications facility with the capability of serving the Nation's telecommunications needs of the future, it is yet another to allow this every-expanding monopoly to control the programming over this facility.

What Others Have Said

**John Shenefield, Assistant Attorney General for Antitrust,
U.S. Department of Justice**

"In the absence of some Federal regulation, and in the absence of the now existing Consent Decree . . . one can't simply allow the telephone company to move into new areas without at least satisfying an assumption that the telephone company wouldn't automatically take over, in effect, all of the cable television business."

"It does seem to me that you cannot blindly assume that the rules that apply across industries of an average sort in this country will inevitably work out when you are dealing with a corporation the size of AT&T against the kind of regulatory background that we have seen over the past year."

July 19, 1978

"The FCC, after reviewing the evidence, concluded that telephone companies should be limited in their franchise areas to providing only the hardware for lease to CATV operators. The Antitrust Division strongly supported that rule, and I haven't seen any evidence that this limitation on telephone company involvement in CATV no longer makes sense."

August 3, 1978

Rep. John Murphy, D-New York

"Precisely how far should we permit AT&T to invade other and competitive fields? It is a doubly important question before us, because this bill would authorize AT&T, through a separate entity, to engage in telecommunications activities and in activities 'incidental to telecommunications.' This is a very stretchable authority. Cable would clearly be open to AT&T, as would the present shadowy area dividing communications and data processing, but how far should AT&T be unleashed? It seems to me the bill as written is vague."

July 27, 1978

**Howard Gan,
Cable Television Information Center,
The Urban Institute**

"If you are letting the telephone company into this business, you have to seriously consider the limitations on what the phone company can do and what it can serve, because the cable industry may talk from its own vested interest point of view in terms of an 'elephant dancing with a flea,' but the fact is, the phone company is a giant."

"If you don't provide some limitation, some restrictions or some oversight to where they can serve, you may very well have a one-wired Nation, which in some respects could conceivably be good, but I think the Orwellian implications of this should be considered by the Subcommittee."

July 20, 1978

**Sister Angela Ann Zukowski,
Communications Office of the Archdiocese of Cincinnati**

"We believe there is a serious need to clearly define the rights of the suppliers of programming (cable TV) and the suppliers of transmission facilities . . . We recognize that AT&T and others are already super-power industries. Such super powers should not be permitted to monopolize potentially competitive communication facilities by serving as suppliers of both programming and transmission facilities. We would therefore suggest that regulation be established to protect the rights of the growing local cable industry in this regard."

September 15, 1978

ISSUE:

Separate Subsidiaries/ Cross Subsidization

Background

As previously discussed, Section 332 of HR 13015 allows any common carrier to provide, thru a separate subsidiary, any service which the Communications Regulatory Commission determines to be telecommunications, or "incidental to telecommunications." This provision opens the door to the telephone company using the monopoly profits from its switched voice service to subsidize new entries into competitive services until all competition is eliminated.

NCTA Position

The cable television industry has dealt with the telephone company's "separate subsidiaries" for 20 years, and knows that the creation of a separate subsidiary does not prevent unfair practices. The inherent power of the parent monopoly is passed on to the subsidiary, making fair competition impossible.

The Justice Department brought suit against AT&T because it was using its monopoly position in voice communications as the basis for squelching competition in other non-common carrier services. The 1956 Consent Decree, which forbids AT&T from offering non-common carrier services, was the result of that suit. Even today, the Justice Department's Antitrust Division has a suit against AT&T for alleged anti-competitive practices, and there are numerous civil suits currently pending. There is no reason to believe that the telephone monopoly will not return to its abusive anti-competitive practices if safeguards such as the Consent Decree are eliminated.

Additionally, the threat of this giant corporation using revenues obtained from monopoly services to cross-subsidize other, competitive telecommunications services is real. The telephone company argues that a uniform system of accounts will protect against cross-subsidization. However, it has been demonstrated that this is a meaningless safeguard for the marketplace.

The cable television industry is not alone in realizing the dangers of allowing the telephone company into all other areas of telecommunications services. Review the following remarks by other industry and public policy representatives.

What Others Have Said

**John Shenefield, Asst. Attorney General, Antitrust Div.,
U.S. Department of Justice**

"Essentially, we allege that AT&T currently controls too many strategic "bottlenecks," and has used them tactically in combination to eliminate competition unlawfully. Thus, for example, AT&T has maintained its equipment monopoly by denying firms other than Western Electric a fair chance to sell to the 80 percent of the potential market AT&T and its operating companies control. Similarly, AT&T has successfully blocked competition in long-distance markets, by denying competitors access to the 80 percent of local exchange facilities Bell controls. And it has sought to block potentially competitive local distribution systems including cable television and mobile radio by denying them access to necessary local facilities or the national intercity network AT&T controls."

August 3, 1978

**Walter Hinchman,
Former Chief, FCC Common Carrier Bureau**

"I am virtually convinced, from my various involvements over the decade, that the (Bell) system is largely beyond the effective reach of both Federal and State regulation and may therefore be impervious to most attempts at competition as well, over the long haul."

May 15, 1978

**Charles Ferris,
Chairman, Federal Communications Commission**

"These near-monopolies and the opportunities afforded to AT&T for anti-competitive conduct have created a variety of new problems which the Commission has addressed using the tools available under the 1934 Act. These problems will continue to have to be addressed since the bill, even with its emphasis on competition, is not likely to have any immediate impact on AT&T's existing market power."

August 9, 1978

Joseph Fogarty, FCC Commissioner

"When an industry is dominated by one firm which owns the vast bulk of all facilities used for telecommunications transmission, the marketplace forces may not operate as economic theory teaches us they should. AT&T's own tariff data filed at the FCC admit this. If AT&T and another carrier offer similar services at similar rates, AT&T will get 100% of the business, according to its own figures. Only when the differential in rates exceeds 10% will the competitor begin to attain a substantial market."

"Without retention of extensive regulatory control over rates and practices, it is inconceivable that companies of such disparate size can compete on an equal footing. The possibilities for cross-subsidization are simply too great."

". . . the Bell System is a very efficient, well-run organization which provides excellent telephone service to this country. However, competition has always been antithetical to AT&T's philosophy."

August 9, 1978

Daniel Grove, Telecommunications Association

"Another issue of importance to users is cross-subsidization, an issue which, we believe, the Congress should confront more squarely. So long as a carrier is providing both competitive and noncompetitive services, the possibility is real for a carrier to subsidize losses on competitive services with income earned from services against which no competition exists. Even the threat of such cross-subsidy undercuts the growth of competitive marketplace."

August 10, 1978

L. C. Whitney, National Data Corporation

"It appears likely that the end result will be that Section 332 will unshackle a giant in the belief that competition is the panacea. This will be the result in spite of antitrust laws or in spite of the 1956 Consent Decree, in spite of the history of practices at least questioned enough for the Justice Department to again be involved in a major antitrust action against AT&T, in spite of the FCC's years of frustrating effort to have legal tariffs filed, in spite of the statements made by the Chief of the Common Carrier Bureau to the effect that they had lost effective regulatory control of AT&T. I see this section opening the floodgates for AT&T to enter the areas of data processing, computer product lines, and other such areas previously prohib-

ited, entering not as a true competitor, but unregulated monopoly."

August 10, 1978

**V. Orville Wright, Ad Hoc Committee
for Competitive Telecommunications (ACCT)**

"Studies have documented that AT&T, for instance, has not only the opportunity to cross-subsidize its competitive offerings with revenue derived from monopoly service customers, but indeed, that it has strong incentives to do so."

August 10, 1978

**Fred S. Lafer, Association of
Data Processing Service Organizations**

"ADAPSO's concerns with this provision (Section 332) are many. To begin with, this section appears to grant carriers blank immunity from the antitrust laws. If enacted, Section 332 would surely have an adverse impact on competition. Rather than compete, carriers could simply acquire their competitors . . . Conspicuously absent from this section are any provisions which would assure that the competition offered by carriers and their affiliates is not supported by monopoly power and resources or by control over essential communications services."

August 1, 1978

**Vico Henriques, President,
Computer & Business Equipment
Manufacturers Association**

"The consensus is that accounting is not sufficient in and of itself. The accounting system that is in place has not provided, from its inception, adequate safeguards or even measures the possibility of cross-subsidy."

August 1, 1978

Prohibiting Cable Operators from Programming Their Systems

Background

Although HR 13015 is silent on the issue of divorcing the owner of the cable facility from the programming aspects (known as "separations"), there are those who propose such a measure if cable television is to be considered as a national medium and included in a redraft of HR 13015.

NCTA Position

A policy separating cable hardware from software should not be implemented during the developmental stages of cable television. The keys to the development of cable television are the wiring of additional communities and the provision of new and diversified services. Outside program suppliers have been unwilling or unable to provide this program diversity for cable television. Thus, cable operators have been forced to enter into the programming business themselves. Artificial restraints placed on the cable industry's ability to finance and implement such efforts would only serve to hinder such services being provided to the public.

It may be suggested that the cable industry's position in favor of keeping the telephone company out of communications software is inconsistent with the position that the cable industry should offer both hardware and software. As explained previously, if the cable industry does not involve itself in programming, then there is no new programming. In addition, there is no reason to believe that the regulatory policy applicable to the giant telephone company should be imposed on the comparatively small cable television industry. There is a proven record of telephone company anticompetitive abuses, there is no similar record on the part of the cable industry.

One alternative, some suggest, is to implement separations "within ten years or so." Such a policy mandated without a demonstrated need is yet another example of regulation for the far distant future, with-

out any basis in present day needs, problems or facts—it would be "regulation on theory."

Congress should be extremely wary of restricting the normal flexibility of the marketplace at a time when cable technology is changing so rapidly.

What Others Have Said

**John Shenefield, Assist. Attorney General,
Antitrust Division, U.S. Department of Justice**

"I suppose one might begin to think about the issue (of cable concentration and separations), at least in the present framework as one in which you have control over one possible set of communications options, but the viewer has a range of possibilities that he has access to . . . given present status of cable television, I wouldn't feel strongly about it one way or the other."

August 3, 1978

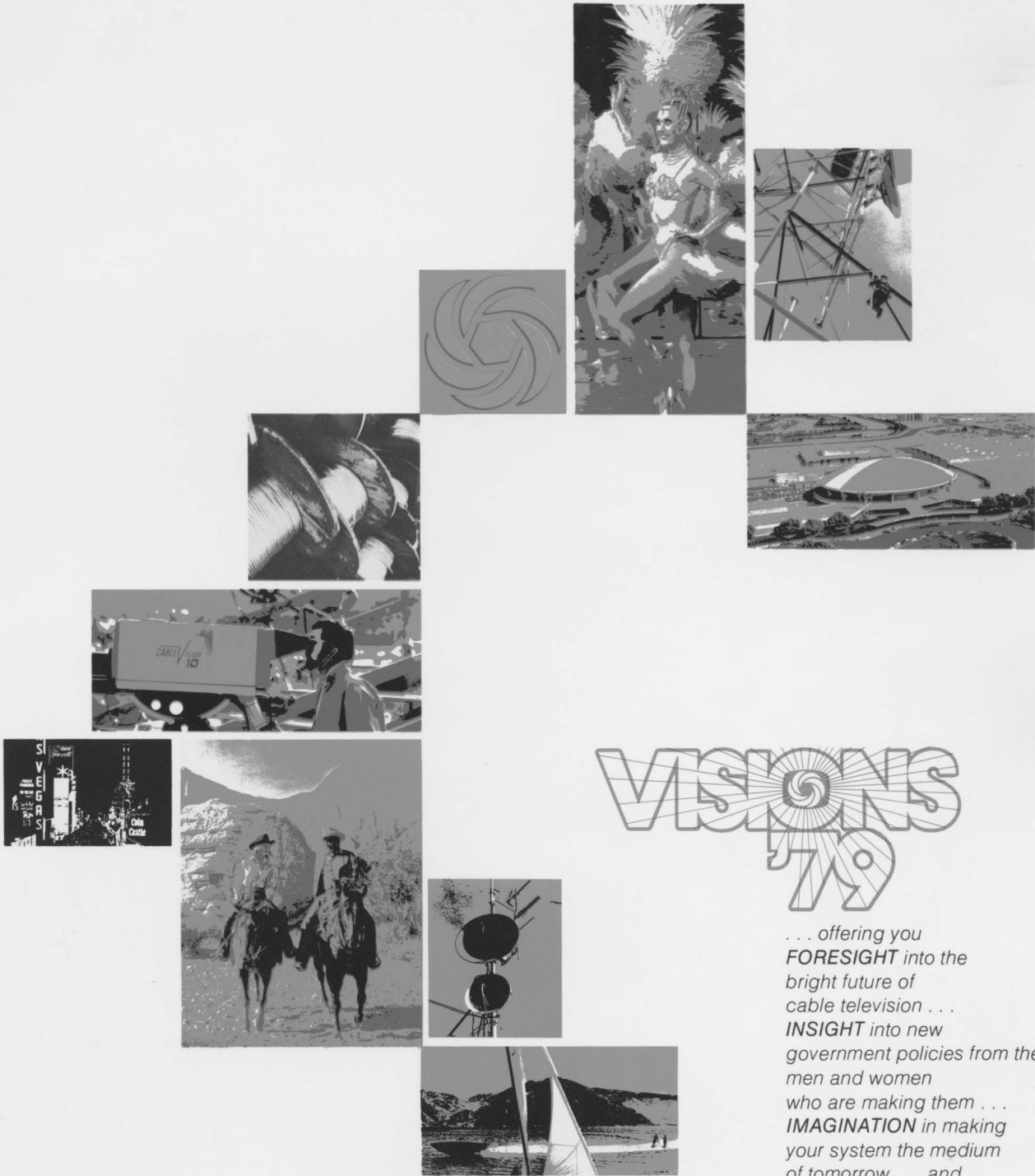
**Henry Geller, Asst. Secretary,
U.S. Dept. of Commerce,
National Telecommunications & Information Agency**

"At one point in the Staff Report we propose it (separations) 7 years after enactment of that particular proposed legislation. I think all such figures are arbitrary and that you really have to allow discretion to the CRC or the FCC to decide when. It may be that there is never any necessity for it . . . it would be a judgment that would have to be made on the facts."

August 1, 1978

National Cable Television Association

918 Sixteenth Street, N.W.
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VISIONS of new services
 and technologies
 to help you plan
 in the rapidly changing
 world of television.
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The Visions
of '79...
MANAGEMENT

As cable television takes its place as an independent national communications medium, systems managers are becoming the visionaries of a new world of entertainment and services. But vision—sound decisions on moves that will make cable television an ever more successful medium providing unique services to nearly 10,000 American communities—requires new levels of expertise and up-to-date information. That's precisely what VISIONS '79 was designed to give you in three critical areas:

Operations

- Local deregulation
- Earth stations as a resource
- Financing
- Taking advantage of new services
- So you've got a pole problem!
- Developing new markets
- Increasing profitability of your system
- Layman's update on fiber optics
- Many, many more



Government

- Is there a phone company in your future?
- Cable: Programmer or common carrier
- Where to regulate cable TV (if at all?)
- Signal carriage & copyright
- Federal regulation of cable?
- Cable in rural America

Programming Services

- New non-entertainment services
- Tiered programming
- Children's programming
- What's going on with other communications companies?
- Educational applications that work
- Effective utilization of C-SPAN
- The satellite of the future

TECHNICAL PROGRAM

New technological developments are changing the face of cable television more and more rapidly. From satellites to fiber optics, technology is setting the pace for programming and services to follow. To help you stay a step ahead, VISIONS '79 will offer you an in-depth look at what's coming in:

Satellites

Education & Training

- When all else fails, do it yourself
- Development of a CATV technical operations manual
- Education—the means to an end

Advance Techniques

- Wideband transmission services via a combination of CATV & microwave facilities
- A versatile, low-cost system for implementing CATV auxiliary services
- A bi-directional coaxial cable inter-city transmission network for multipurpose uses



Small System Problems

- Calculation and balance techniques for a smaller, dedicated line
- Preventive maintenance of small systems
- Program management in CATV implementation

Testing & Maintenance

- Reliability—a total approach
- Microprocessor control for CATV test instruments
- Spectrum analyzer as a computerized "proof of performance" machine
- Analysis and measurement of CATV drop cable RF leakage

Fiber Optics

- Installation and field operation of an 8km fiber optic CATV supertrunk system

Computers

- Potential use of microprocessors by technical personnel
- System design and operation with "basic"



**VISIONARIES
OF '79**



GERALD R. FORD

Marking cable television's emergence as a truly national communications medium, a President of the United States will address NCTA's national convention for the first time. Gerald R. Ford will be our keynote speaker at VISIONS '79, highlighting our opening session on Sunday, May 20.

Throughout our meetings, we will be joined in Las Vegas by the most influential communications policymakers in Washington, among them:



**SENATOR
ERNEST F. HOLLINGS**

Senator Hollings, chairman of the Senate's Communications Subcommittee and one of the most respected members of that exclusive "Club of 100", will play a major role this year in the rewrite of the Communications Act. His committee is currently preparing a series of "Omnibus Amendments" to the Act which will have a major impact in this Congress.



**CONGRESSMAN
LIONEL VAN DEERLIN**

House Communications Subcommittee Chairman Lionel Van Deerlin has already made communications history. Last year, he proposed the first major rewrite of the nation's basic communications law in forty years. After months of hearings and discussion, Chairman Van Deerlin and his staff are now ready to introduce a new version which will serve as a basis for Congressional action later this year.

**CHAIRMAN
CHARLES FERRIS**

of the Federal Communications Commission has led the way toward a thorough reassessment of cable television regulation. Under his leadership, the FCC's Economic Inquiry into the Relationship Between Broadcasting and Cable Television has raised the prospects for a federal policy which will allow cable to compete freely in the national communications marketplace.



SPOUSE PROGRAM

Special events are scheduled in Las Vegas especially for spouses, to include:

- A ranch tour and mini horse show at the famous Wayne Newton Arabian Horse Ranch in Logandale, Nevada. The Arabian breed will be explained and some of the show horses will be used to demonstrate various riding and showing styles. Luncheon is included.

- You will travel through the Valley of Fire—a mass of desert wildflowers and cactus blooms in May—a vivid land of bold cliffs of red and white sandstone set in the midst of the grandeur that is the desert.

- A special Spouse Hospitality Center will be set aside in the Las Vegas Hilton where a presentation is scheduled by Shirley Zylstra, who will talk to you about starting your own business and how she did it.

- Customized NCTA tours to include Hoover Dam, Old Vegas, Boulder City tour, a Lake Mead boat cruise are available to all registrants.

GOLF AND TENNIS TOURNAMENTS

- Sign up and compete with the masters! They'll be out in full swing on Saturday, May 19 at the Cambridge Towers and Racquet Club and the Sahara Nevada County Club. Tennis is limited to the first 75 entries and golf is limited to the first 100 entries.

POST-CONVENTION TRIP

ALOHA!

- Relax and enjoy our 50th state and visit the islands of Oahu, Hawaii, and Maui. We've designed two separate trips for you to choose from. One includes visiting downtown Honolulu, National Memorial Cemetery in Punchbowl Crater, plus a visit to Hawaii Volcanoes National Park, Thurston Lava Tubes, Kilauea Volcano, Halemaumau Fire Pit, and more. The Hyatt Regency on famous Waikiki Beach and the Kona Surf hotels will accommodate you. The second tour (10 days) includes all of the above and a visit to the island of Maui with a stay at the Hotel Intercontinental. Sign up now so you can unwind at this exciting resort.



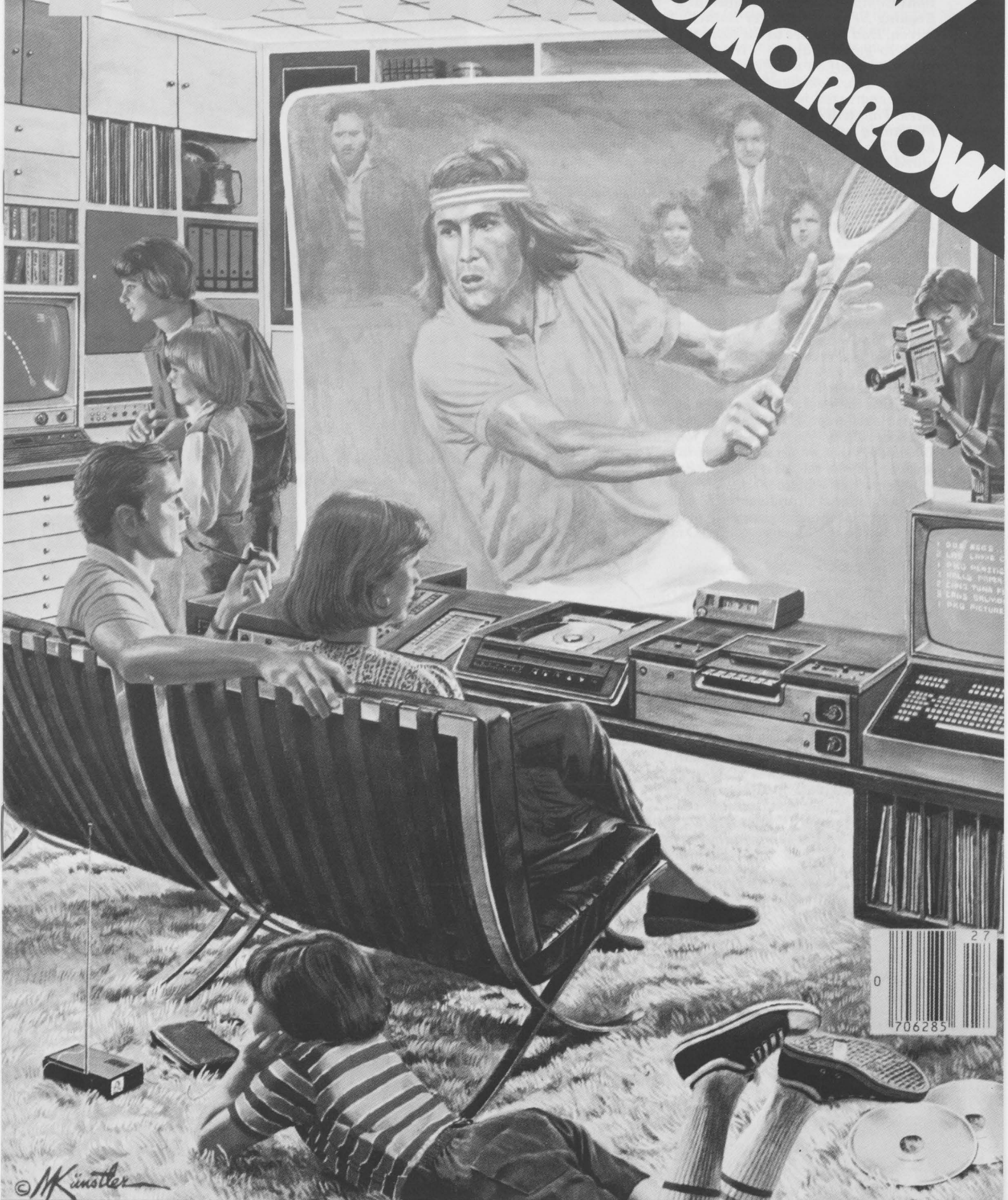
28TH ANNUAL
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July 3, 1978 / \$1.00

Newsweek

OF TOMORROW TV



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TELEVISION

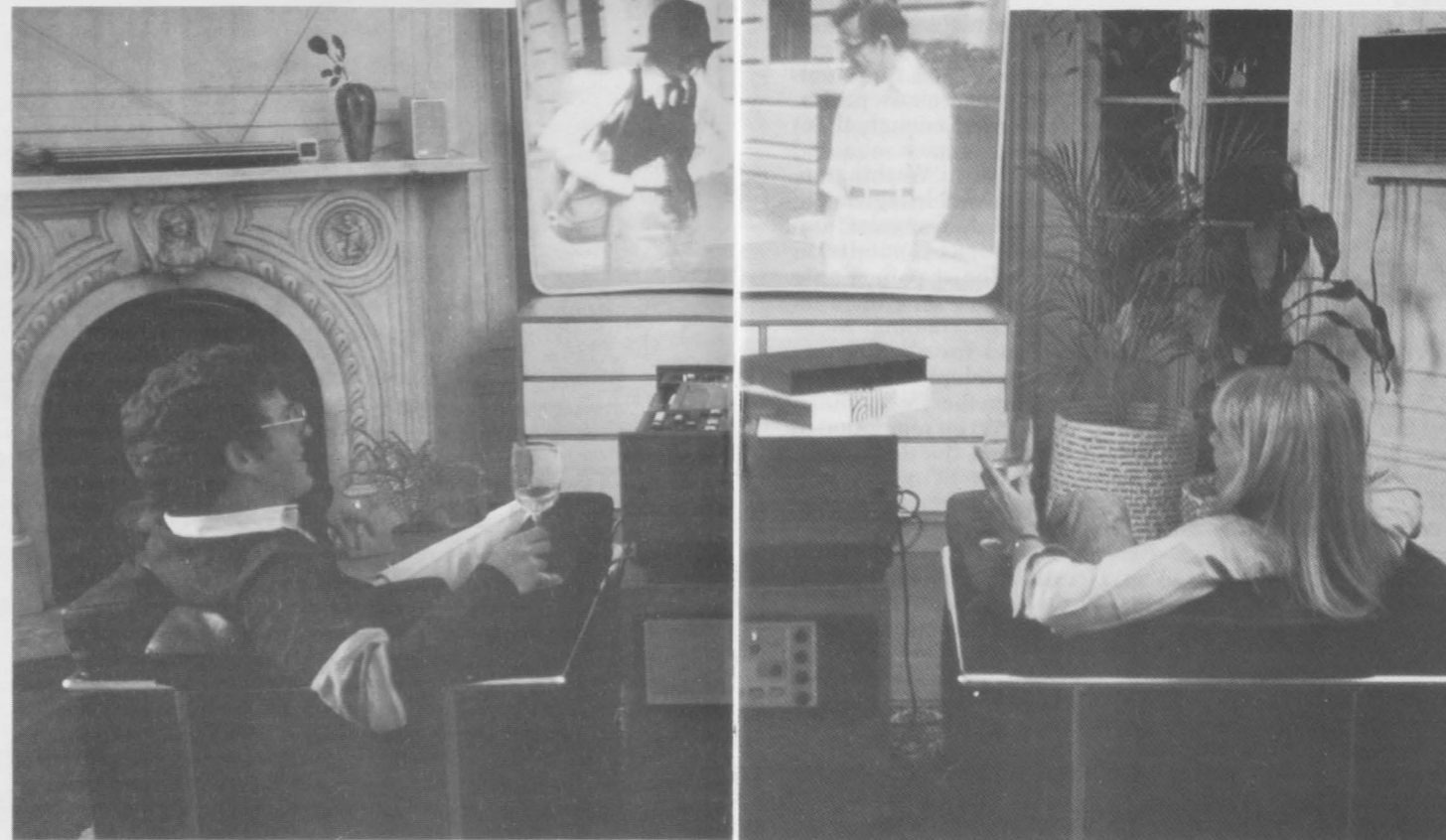
The year is 1985, the setting a typical Video Communications Complex (formerly known as a "home"). As the "CBS Evening News with Roger Rather" fades from the 84-inch screen, Dad switches to the local pay-cable channel and sits back to enjoy "Jaws 4." No one disputes his choice, for everyone is off on a different electronic trip.

In the den, Mom has flicked on the video-cassette recorder and is engrossed in the soap-opera episode she missed last week. That will be followed by a homemade-for-TV movie of the family's recent trip to Disney Cosmos. Upstairs, meanwhile, Sis has slipped a plastic disk onto a turntable device wired to her own TV set. Now she is grooving along with a transvestite reggae group, this month's R-rated selection of the Vidiary Guild. Down the hall, Junior has tired of playing Super Pong and has dialed in a baseball game. Suddenly, the announcer interrupts to ask the audience: "What do you think the next pitch should be?" By punching some buttons on a small console, Junior informs the system's computer that he would opt for a slider—and, sure enough, it is a slider that ends the inning.

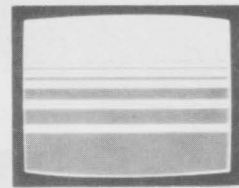
Exactly as it did in 1978, the entire family has settled down for a long night's looking. Yet no one here is a prisoner of what ABC, CBS and NBC have chosen to send through the cathode-ray tube. This is the age of Viewer Lib, a time when each American has at his fingertips the engineering capacity to become, in effect, his own television programmer. No longer is the operative question a desultory "Anything on TV tonight?" The question has become: "What would we like to put on TV tonight?" and the answer may be one of a hundred and one possibilities.

At least, that's the scenario currently being pounded out by the promotional drumbeaters. Skeptics, recalling that the same sort of hyperbole heralded the Picturephone and 3-D movies, question whether such a video upheaval will take hold as soon—and in so pervasive a fashion—as the soothsayers would have us believe. While most of the esoteric hardware has been devised, they note, the entrepreneurs still face a host of problems involving costs, marketing tactics and what programs to mesh with the new machinery. Nevertheless, virtually all the experts agree on one point: as the TV industry moves into its second generation, it is about to be engulfed by a broad tide of technological change. Even so knowledgeable an observer as Rep. Lionel Van Deerlin, chairman of the House subcommittee on communications, predicts that the new video options "will transform not only the face of broadcasting but the lives of Americans as profoundly as the Industrial Revolution of the nineteenth century."

To some extent, that transformation is already under way. Nearly one in five TV homes now receives the non-network offerings of a cable subscription service, as against one in 25



Sizing up the superscreen: As TV enters its second generation, portents of a technological revolution



TV OF TOMORROW

households about a decade ago. Of today's cable subscribers, 1.6 million viewers are shelling out extra monthly fees for special pay-cable channels, which offer primarily first-run Hollywood movies but possess the potential for unlimited offbeat fare—all free of commercials. The farthest-out pay-cable experiment is being conducted in Columbus, Ohio (page 64). Called Qube, the system permits viewers to talk back to their sets by electronically responding to questions about entertainment personalities and even politicians. Some envision Qube-like polling devices being used for national referendums on all manner of controversial issues. A more limited two-way TV experiment is also under way in Berks

County, Pa., where students can talk back to teachers and senior citizens in retirement homes can hold dialogues with local politicians.

While two-way TV is still far around the corner, do-it-yourself TV has clearly arrived. The nation's hottest new toy is the video-cassette recorder, which allows owners to preserve on tape programs presented when they are away from the TV set. They can also, with the aid of an optional camera, produce their own programs. And the VCR family can purchase prerecorded cassettes and cue up everything from a yoga lesson to a screening of "Patton."

Later this year, prerecorded cassettes will start encounter-

ing competition from the video disk (page 73), a sort of long-playing record that produces TV images as well as sound. As many as twenty companies are currently at work on video-disk systems, with MCA, Inc., the farthest along. The conglomerate, which plans to introduce its much-ballyhooed and long-delayed Disco-Vision by Christmas, is setting its sights on viewers with gourmet-programming palates. "We are going to isolate pockets of fanatics and build a business on them," vows MCA vice president Norman Glenn. "There are 500,000 people who would kill to get opera."

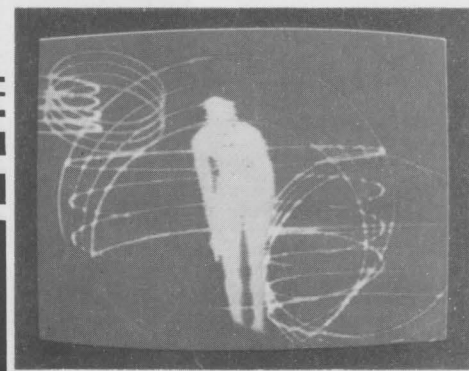
For the true videophile, however, pay-cable, video recorders and disks offer only part of the fun. Video-game addicts, once restricted to the quickly palling pleasures of electronic tick-tack-toe, can now wage combat at blackjack, pinball and even war itself. Those with grander appetites—and budgets—will no doubt own a giant-screen "projection system." Five major companies now are marketing the 45- to 84-inch screens, sales of which are expected to reach the 500,000-a-year mark by 1983.

Just coming over the horizon are all manner of video wonders. One is a small, dish-shaped home antenna that can pick up signals from a communications satellite, enabling viewers to receive programs broadcast directly into the living room from every corner of the globe. Another is a method for watching two different shows on the same set at the same time. The system, which is already available in Europe, patches a small, black-and-white picture from another channel onto a corner of the big-screen color picture. As a result, the audience could keep tabs on, say, the Moscow Olympics without missing a moment of "Jiggly Follies."

But the most portentous technological advance is a glass filament only slightly thicker than a strand of human hair. Called an optical fiber, the device uses a laser beam to transmit an almost limitless number of information channels.

Now being developed by Bell Laboratories, the optical fiber is designed to be folded into a telephone line. The upshot is that a single line could conceivably provide all of a family's phone messages, a multitude of TV shows and, if linked to a central computer bank, a vast range of domestic services.

In effect, such a setup would function as a sort of omniscient electronic genie. At the flick of a subscriber's console button, the computers could deliver on-screen print-outs of whatever data they had been programmed to store. Viewers might request traffic and weather conditions, or receive tutoring in how to bid in bridge, roast a pig or cope with the new math. Housewives could examine supermarket bargains



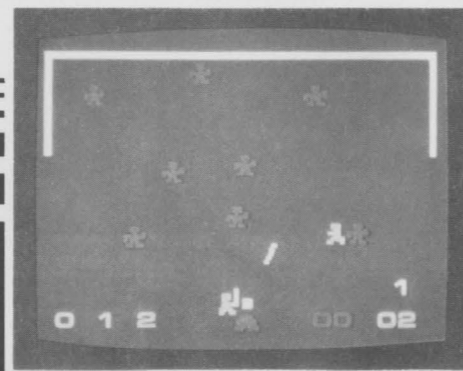
Doris Chase—ICAP

Avant-garde video art



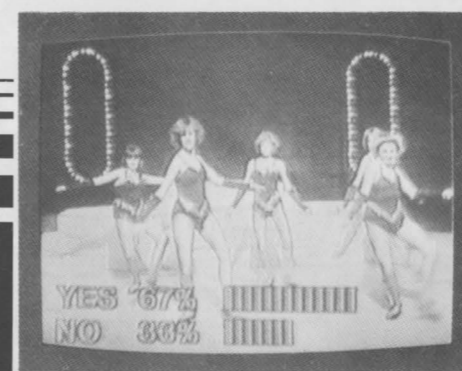
HBO

A Welch cable special



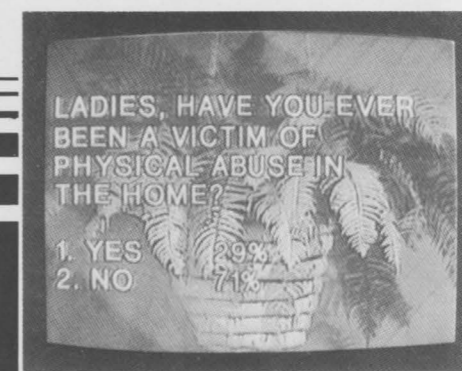
Magnavox

Video baseball game



Warner Cable—Qube

Qube's 'Gong' show



Warner Cable—Qube

Two-way television



Entertainment Video Releasing, Inc.

Soft-core cassette

TELEVISION

on their screens and place orders by push button. Job hunters could order up classified ads of only the positions they were interested in. Theater reservations and travel bookings could be secured without ever leaving the living room.

By the century's end, newspapers, beset by soaring delivery costs, might transmit their editions by TV to homes equipped with electronic printers that would record articles and pictures on paper. Readers interested only in sports or fashion could use their consoles to punch up just the appropriate pages. Tomorrow's equivalent of staggering to the door for the morning paper may be staggering to the TV set for print-outs of news transmitted during the night.

Even if the TV of tomorrow realizes only a portion of its technical potential, viewers stand to benefit enormously. From the beginning, television has always been a take-it-or-leave-it proposition, with the audience obliged to sit still for whatever range of choices a Fred Silverman decides is the lowest common denominator. The new technology promises to change all that by serving up a smorgasbord of program options for the minority, as well as the mass, taste. Futurist Alvin ("Future Shock") Toffler regards the broadening of the video spectrum as part of an over-all "demassification" of the media. "We're going to move from a few images distributed widely to many images distributed narrowly," predicts



Vidsex tape: TV for every taste

Toffler. "It will be narrowcasting rather than broadcasting."

Where will all this leave the three networks? While enjoying enormous profits, the networks are concerned enough about the looming competition to have mounted an intense lobbying effort in Washington, aimed at insuring them favorable legislative ground rules. In the past, Congress and the Federal Communications Commission have followed a protectionist path. Cable operators, for instance, have long been legally limited in what programming wares they can broadcast. And for all their research on optical fibers, telephone companies

at present are banned from getting into the TV business. But the government may be about to ease up on regulation of this industry as well as others. "Let's open the door," proposes Representative Van Deerlin, a former TV newscaster. "If a technology can provide a service people aren't getting at a cost they can afford, who's to say they shan't have it?"

A few weeks ago, Van Deerlin's subcommittee on communications released its long-awaited draft rewrite of the Communications Act, which has been regulating broadcasting without any revision for 44 years. To the networks' dismay, the overhaul would allow cable operators to compete in the video marketplace without any Federal restraints, and would drop many of the major restrictions on the

telephone giants. As the networks move to alter the bill before it can become law, the backstage struggle over the future structure of broadcasting promises to be long and fractious.

There are some who believe that the video revolution will put the networks out of business—or reduce them to mere purveyors of news and sports. Such prophecies fail to reckon with the industry's own technological inventiveness and huge resources. The history of communications shows that the Goliaths never die; they simply co-opt the Davids by improving on their slingshots. "Most broadcasters are not Chicken Littles who think the antennas are about to fall," says NBC chairman Julian Goodman. "Television will not take a back seat to anyone in utilizing advanced technology."

The combination of portable mini-cameras and microwave transmitters, for example, has already given TV news departments the ability to broadcast live coverage of breaking stories. Engineers are developing stereo sound systems for the next generation of TV sets. A device called a circular polarized antenna will eventually rival cable for delivering a clear picture. And a system known as teletext data retrieval will permit viewers, at the push of a button, to interrupt a station's regular programming for an instant news update.

Other industry thinkers are figuring out ways to harness the popularity of the video



Sony video recorder and cassettes: How to be your own Fred Silverman

recorder. During the generally unprogrammed period between 1 a.m. and 6 a.m., broadcasters might present—for VCR owners to tape automatically and play back at a more convenient time—such specialized features as golf and tennis lessons, health tips and even X-rated movies. The postmid-



THE TWO-WAY TUBE

The experiment that may revolutionize America's relationship with television is being conducted not in the video capitals of New York or Los Angeles but deep in the heart of the heartland. During the past seven months, several thousand residents of Columbus, Ohio, have used their TV sets to tell John Dean that they thought the Nixon Administration was corrupt, complain to House Speaker Tip O'Neill that the government was the most responsible for inflation, tap Ronald Reagan as the likeliest GOP challenger to President Carter in 1980, vote on their own versions of California's Proposition 13 and the Academy Awards, apprise the editors of US magazine which of five potential cover subjects grabbed them the most, help name a newborn baby across town, reserve a table at a restaurant and even order their meal in advance.

The mechanism that made it all possible is called Qube, a new pay-cable system that is pioneering the concept of two-way, or "interactive," television. On one level, Qube offers the most varied range of program options ever piped into a living room. Some of its 30 channels are set aside only for kiddie fare, religious shows, sports and courses in everything from anthropology to backgammon. Other channels bring in opera, first-run movies, special community-oriented series and such soft-core porn as "Swinging Stewardesses."

But what makes Qube so revolutionary is that its subscribers can talk back to those invisible people behind

the TV cameras. This is accomplished through a book-size console containing five special "response" buttons. After an announcer's voice or a message displayed on the screen calls for an audience decision on some question, viewers can punch the appropriate response button and send an electronic signal to a bank of computers at Qube's main studios. There the computers tabulate the votes and flash the results on the home screen. Says Mike Dann, a programming consultant for the system: "Qube is not just an extension of television, as color was to black and white. Qube is

an entirely new utility for the home."

Put to its simplest use, Qube adds an intriguing dimension to video entertainment. One of its most popular offerings is an amateur talent contest in which viewers vote on whether each act should be allowed to continue—or be yanked off in "The Gong Show" style. By early fall, Qube's developer, the Manhattan-based Warner Cable Corp., plans to introduce the last word in audience-participation formats. Qube customers will compete against each other in highly sophisticated word and puzzle games demanding skill, knowledge and acute visual per-

Monitoring the computers at Qube studios: Talking back to the box



Warner Cable—Qube photos

ception. Elaborate tournaments pitting one part of town against another may decide the grand champions.

Beyond such frivolities, Qube promises to have a profound impact on how Americans conduct their most important affairs. Susan Goldwater, the senator's daughter-in-law and co-host of a Qube talk show, is fascinated by the potential political uses. "Imagine a Presidential hopeful talking about his party's platform," proposes Goldwater. "Suddenly an interviewer cuts in and says, 'Let's ask

the viewers whether they believe you.'"

In mid-July, the Columbus suburb of Upper Arlington will employ Qube to test public reaction to its new development plan. Because the system can aim programs at any segment of its audience, the planning board will be able to poll all Upper Arlington viewers on the desirability of, say, widening a street for a left-turn lane—and then canvass just those who live on the street and face losing part of their front lawns. "Qube can become our electronic town meeting and village green," predicts Qube vice president Ronald Castell.

For somewhat less lofty reasons, market researchers are even more enthusiastic. A Columbus travel agency used Qube to find out what vacation resorts subscribers would like to receive brochures about. A local newspaper probed viewer attitudes toward several of its regular features. The system is also capable of permitting commercial makers to pretest audience reaction to their products. No applause, however, is expected from the A.C. Nielsen Co. Imagine any present TV-ratings system competing with one that can measure the audience for each of 30 channels in less than a minute.

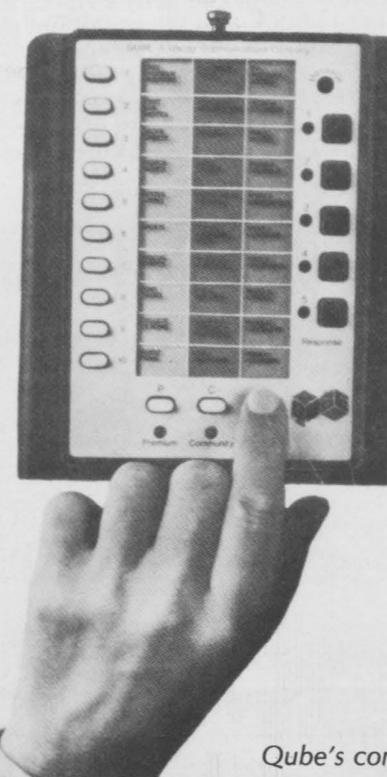
More impartial observers confess to worries of a different nature. FCC chairman Charles Ferris, for one, frets about Qube's potential for settling governmental issues by instant TV polls. "Those who control that capacity can wield incredible political power by which questions they choose to ask and how the questions are framed," says Ferris. The deliberative process would also suffer: "As of now," he points out,

"we have built-in mechanisms for slowing down a transitory majority. The whole republican form of government is based on informed opinion, not just a whim based on an incomplete presentation." Others fear yet another assault on personal privacy. Although Warner officials emphasize that they keep tight security on what data their computers pick up, the specter of Qube as an Orwellian Big Brother may not be all that fanciful.

What is of most immediate concern to Qube's developers is selling more Columbusites on plugging in. Roughly 20,000 households now subscribe, which is about one-fifth of the number offered Qube and short of that required to turn a profit. One explanation may be the strain on the pocketbook—heavy Qube viewers can run up a \$40 monthly tab—along with a natural wariness of a video system so far beyond present experience. Accordingly, Warner is being very cautious about offering too many exotic services too soon. "You don't give people the controls of a 747 before they can fly," explains Warner Cable chairman Gustave M. Hauser. Nevertheless, the firm is already talking about spreading two-way cable services to Akron and Pittsburgh.

Before participatory television captures the nation, however, one small but ominous source of static will have to be cleared up. Because Qube limits each household to only one vote, a certain amount of familial friction has been generated over whose opinion should prevail. It is not inconceivable that America's nightly squabbling over what to watch could someday be replaced by even more bitter disputes—over who controls the talk-back button.

—HARRY F. WATERS with WILLIAM D. MARBACH in Columbus, Ohio



Qube's console: Instant democracy or Big Brother?

night hours could also be crammed with continuous showings of kiddie series like "Sesame Street." Having preserved them on a VCR, Mom could rerun the shows for her pre-schoolers later in the day, freeing her from baby-sitting chores—and the fear that her brood might be hanging out with the wrong kind of TV. Such a tactic could open up an entirely new source of advertising revenue for the networks as well as for local stations.

Even the most sanguine TV executive, however, concedes that the new boys on the block may siphon off enough customers to force the networks to make adjustments. Rather than trying to reach 100 per cent of the market, TV programmers may have to do what radio does—go for a smaller segment of the audience with specialized fare. "The program selections are going to be far different," predicts Charles Ferris, chairman of the FCC. "I think we'll get a much greater variety and a much greater degree of satisfaction."

In the meantime, what most concerns the powers that be is the emergence of ad hoc cable networks with vast competitive potential. By using an RCA communications satellite to transmit its signals, the Manhattan-based Home Box Office company has spread its pay-cable service to more than a million subscribers in 47 states. "We've got a network in place," declares HBO president N.J. Nicholas Jr. "There are now over 500 affiliates tied in to our studio on 23rd Street. That's almost as many as all of the networks' affiliate stations combined." According to one estimate, such a pay-cable system, linked by satellite, could reach nearly 15 million customers by 1985. At that point, the system's operators would possess the financial muscle to compete with ABC, CBS and NBC for the rights to blockbuster films and sports events like the Super Bowl. "As pay cable grows, it will be able to outbid free TV," warns ABC vice president Everett Erlick, a leader of the networks' anti-cable campaign.

On the other hand, winning the Super Bowl is hardly what cable TV's founders conceived as its function. As the first homesteader on the video frontier, cable was supposed to offer an innovative programming alternative to what America was getting from the networks. Optimists forecast a special children's channel, for example, and another for cultural programs. One observer who thinks that the industry's performance has fallen far short of its promise is FCC chairman Ferris. In a blunt address before a recent convention of cable executives, Ferris scolded: "You have called yourself a medium of choice, but very often you have only provided an echo. Even the new pay services with feature films are an extended version of the networks' night at the movies."

Only the most chauvinistic cablecaster would deny that Ferris has a point. Home Box Office, for example, fleshes out

its movie menu with nightclub specials starring the likes of Raquel Welch and Rodney Dangerfield, along with World Team Tennis, boxing and college basketball—hardly the makings of a revolution. To be sure, some cable systems have opened special channels to avant-garde video artists and to community voices who would otherwise never find a forum on TV. So far, however, the results have not exactly uplifted the tone of the tube. In Manhattan, late-night cable viewers have been assaulted by an inchoate array of drag queens, midnight cowboys, zonked-out ecdysiasts and street freaks of every lunatic persuasion. One could achieve exactly the same effect by simply turning the camera on Times Square.

In their defense, cable spokesmen point out that network TV did not perform much better during its own infancy. When the first Emmy Awards were handed out in 1948, they note, Mike Stokey's "Pantomime Quiz" was voted the most popular program and puppeteer Shirley Dinsdale was chosen as TV's "most outstanding personality." For his part, Robert Schmidt, president of the National Cable Television Association, tosses the issue right back to Ferris's FCC. "They've saddled us with a crazy quilt of regulations," grumbles Schmidt. "There aren't many business people who want to take a ride on our roulette wheel until there's a lot more stability in the rules of the FCC."

Now that Washington may be about to loosen its leash on cable, the reluctance of blue-chip investors to get into the new medium should start to subside. Even so, the price of subscribing to a cable service is not likely to come within reach of everyone, and therein lies a vexing issue. "Will the public interest be better served by a video system that only serves the most affluent?" asks ABC's Erlick. "If it costs \$20 a month for a full platter of pay-cable programming, who's going to service those who can't afford the platter? What about the rural areas of the country? What about Harlem and Watts?"

One West Coast visionary proposes—only partly in jest—that the economic underclass will be able to buy the TV of tomorrow through "media welfare stamps," having successfully argued before the Supreme Court that the "right to information" is an inalienable one. A more pragmatic solution is advanced by William Donnelly, a vice president of the Young & Rubicam ad agency. According to Donnelly's projection, cable will achieve a 30 per cent penetration of U.S. homes by the end of 1981. That, in Donnelly's view, "is the critical mass required of an electronic communications medium to become a broad-based advertising medium."

In short, commercials may start inundating cable within a few years, with the resulting extra income presumably permitting the medium to reduce its subscription price. The major hitch is that such a development would wipe out one of

cable's most appealing attractions—the absence of sponsor pitches. That does not faze Donnelly. "People thought they could never put advertising in the Reader's Digest," he shrugs. "If the cable advertiser's posture, tone and copy are appropriate, there will be no problem."

In the long run, of course, the only consideration that truly counts is what sort of programming will come inside the new electronic packages—and who will design it. The major Hollywood studios, whose TV divisions have heretofore programmed exclusively for the networks, are already gearing up to serve the emerging competition. "Our brains are for hire," says Sy Salkowitz, head of Twentieth Century-Fox Television.

Norman Lear, who recently abandoned the networks to concentrate on films and his own Los Angeles pay-cable station, views the new technological alternatives as vehicles for experimentation, a sort of video off-off-Broadway. "There won't be the money to spend on 80,000 patrons that the networks spend on 40 million," concedes Lear. "But the poverty will force innovation. There may be 11 million viewers who are interested in opera on TV, and there may be 11,000 people who want to see a show about polishing skis. In time, channels will exist for all of that."

The most intriguing development, however, will be the appearance of a whole new breed of videomakers similar to the young guard that is beginning to set the tone for the movie industry. Just as that group grew up on celluloid and went on to film schools, their counterparts of tomorrow may well regard television as the most glamorous avenue for their talents. "We'll have video graduate schools," predicts Michael Shamberg, a 34-year-old independent TV producer. "Then we'll have an American videogeneration of George Lucas and Steven Spielbergs working to invent the new TV."

What sort of shows will such whiz kids create once they come aboard? It's too early to tell, but Shamberg, whose TVTV production firm has won wide acclaim for its offbeat documentaries, is one of the few new video guerrillas willing to reveal his dreams at the risk of their being ripped off.

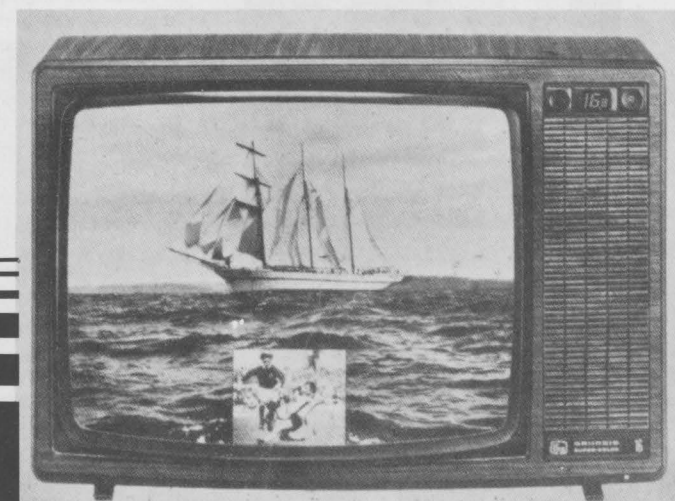
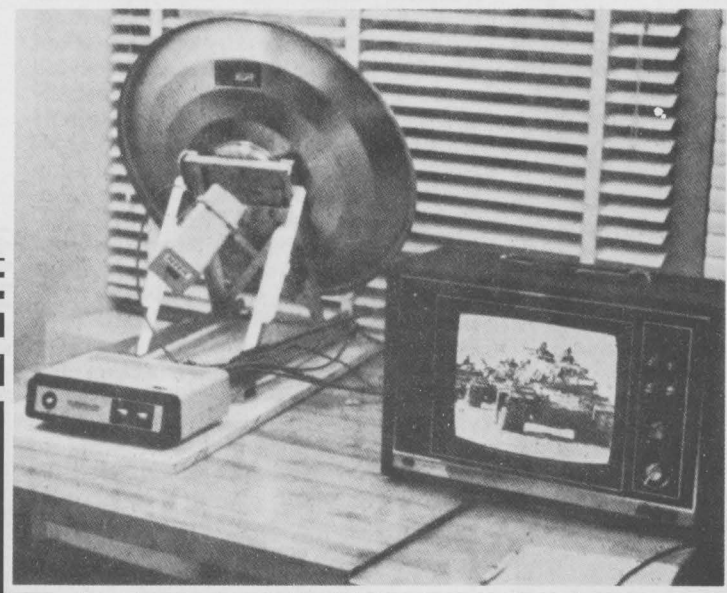
Shamberg would like to do adaptations of books that are too specialized for the mass TV audience and too plotless for theatrical films (e.g., "The Complete Book of Running"). He envisions using a domestic satellite to beam homosexually oriented programming to the nation's five largest gay communities. Shamberg also believes there's a market for what he calls Viewsak, videotapes containing an hour of uninterrupted violence—stabblings, car accidents and the like—or an hour of lovemaking. "You could just show the raw emotion—anger or lust—without any narrative at all," he says.

The prospect of Viewsak might prompt some to start plotting how to strangle Future Tube before it ever gets out of its cradle. What generates the most uneasiness, however, is the suspicion that the new technology will alter leisure habits and social arrangements in ways society may come to regret. Consider the video junkie of a not-too-distant day, snugly ensconced in his all-electronic cocoon, lighting up his three-dimensional wraparound screen with selections from 100 channels or the latest purchases from the neighborhood video-disk supermarket. Will this mean the demise of all diversions that require going out? Will anyone tune out long enough to converse with the rest of the family? What about the future of reading—or of quiet, solitary reflection?

In Paddy Chayefsky's nightmarish "Network," Howard Beale, the "mad prophet of the airwaves," delivered a plaintive admonition to his mesmerized converts. "You're beginning to think the tube is reality and your own lives aren't real," despaired Beale. Anyone who would dismiss that as wild exaggeration should listen to a Baltimore housewife who owns an 84-inch Advent superscreen. "It's a spoiler," she sighs. "To see celebrities live used to be much more thrilling than it is after you see them life-size on television."

One industry power who admits to strong misgivings about the effect of Future Tube is Twentieth Century-Fox's Salkowitz. "We have to find out if we are producing something pleasant or unknowingly infecting people with a cancer," wor-

Wally McNamee—Newsweek



Home satellite antenna, screen within a screen: Tuning in on all the world or two channels at once

Network's Beale, FCC chairman Ferris (top): The prophecies are mixed Rep. Van Deelen: Rewriting TV's rule book

ries Salkowitz. "The worldwide networks will grow so rapidly that no one could possibly absorb all the information and still make some decisions. How can we maintain mastery and not become slaves? We don't know. There's great danger."

More optimistic observers are convinced that the rewards will far outweigh the risks. "We're not talking about *watching* the set any more," says Alvin Toffler. "We're talking about making *use* of it. I think the age of simply watching is at an end." Others foresee the home video environment spawning its own modes of social intercourse. For one example, the "viewing party" may become as popular as backyard barbecues. One Brooklynite, whose apartment houses \$15,000 worth of video gadgetry, periodically invites in groups of acquaintances to watch his bootleg tape cassettes of films like "Saturday Night Fever." "Imagine going to a first-run movie where the entire audience is filled with your own friends," says the host enthusiastically.

Yet for all their speculations, the experts remain as confused about the impact of second-generation television as those who first gazed upon the instrument at its birth. After witnessing a demonstration of the invention in 1938, essayist E.B. White proclaimed: "We shall stand or fall by television—of that I am quite sure." On the other hand, a New York Times reporter previewing TV's introduction at the 1939 World's Fair sourly concluded: "The problem with television is that the people must sit and keep their eyes glued on a screen; the average American family hasn't time for it . . . television will never be a serious competitor of [radio]."

All that seems certain is that the tube as we now know it will ultimately become as obsolete as the Victrola. The competition from satellite-linked cable systems, video cassettes and disks, and the arrival of optical-fiber transmission, will chip away at the networks' hegemony over what we see. The spread of two-way pay-cable systems will dramatically alter the relationship between sender and receiver. As the medium evolves into the age of "narrowcasting," with its multiplicity of video voices, it may finally bring into being the electronic "global village" promised by the futurists of a decade ago. Al Jolson, who heralded an equally momentous technological advance—the introduction of the talking-movie era—might put it this way now: "You ain't *seen* nothin' yet!"

—HARRY F. WATERS with BETSY CARTER and RICK COHEN in New York, LUCY HOWARD in Washington and JANET HUCK in Los Angeles

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**National
Cable Television
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Office of
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March 1979

CABLE TELEVISION IN 1979

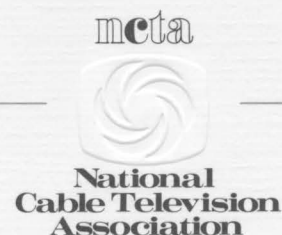
An Industry Profile

Prepared for

President Gerald R. Ford

*by the staff of the
National Cable Television Association*





Office of
The President

Contents

Introduction: NCTA and the Cable Television Industry Tab A

Cable Television at 30 Years: Key Statistics and New Programming Alternatives. Tab B

- *1978 Cable Television Developments*
- *Cable TV's Expanding Diversity*
- *Programming via Satellite*
- *Cable TV Satellite Earth Station Locations*
- *The Cities: Cable's Next Frontier*
- *Speaking of Cable: Recent National Press on Services and Key Issues*

Services for 10,000 Communities: Local Programming. Tab C

- *Cable: The Local Communicator*
Representative examples of local services
- *Taking Technology to School*
Local educational uses of cable TV

Cable Television and the Federal Communications Commission:
Current Regulatory Developments Tab D

- *A Chronology of FCC Cable TV Regulation*
- *Issues in Broadcast/Cable Competition*
- *Press Summaries of Cable TV Arguments in FCC Economic Inquiry*
- *Update: New Facts on Old Cable Issues*
- *The Facts About Superstations*

Cable Television and the Rewrite of the Communications Act of 1934 Tab E

- *The Communications Act of 1978 (H.R. 13015)*
- *Cable TV Testimony on H.R. 13015*
- *S.611 - 1979 Hollings Proposal*
- *S.622 - 1979 Goldwater Proposal*



ncta



**National
Cable Television
Association**

Office of
The President

The National Cable Television Association
and
the Cable Television Industry

The National Cable Television Association is the industry's largest trade association, representing more than 1500 member cable systems serving millions of subscribers across the country. Formally chartered in 1952, NCTA also counts 183 associate member firms in its ranks, including manufacturers of cable equipment, national programming suppliers and allied industry services.

One fifth of the nation's households are now cable television subscribers. Those viewers are receiving a rapidly expanding variety of new programming and services made possible by cable's increased channel capacity. New urban cable systems offer up to 36 channels of programming and services, expanding consumer viewing options far beyond the limits of conventional television.

Cable television service not only improves reception of broadcast signals, but makes television a useful community medium. In many instances, community channels are programmed by local government, social service organizations or educational institutions, offering everything from retirement advice to college courses for credit.

Cable TV also serves large national audiences through its rapidly growing satellite network. National programming is produced for specialized audiences dispersed around the country -- from minority groups to cultural audiences. It is delivered via domestic communications satellite and a network of cable/satellite earth stations. The network and the programming it can support are the fastest growing side of the industry: by the end of the year, more than 1500 cable/satellite earth stations will be serving seven million subscribers nationwide, a 300 percent increase over 1977.



Cable television's 30th anniversary year, 1978-79, comes at a crossroads for the industry. For the first time in the history of the medium, Congress is rewriting the nation's basic communications law to bring government policy into line with dramatic technological advances. The rewrite process is a major focus of NCTA's activities this year, as the association and the cable television industry work to assure that consumers will be offered the widest variety of innovative programming and services that technology and creativity make possible.

ncta



**National
Cable Television
Association**

Office of
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KEY OFFICERS

OF THE NATIONAL CABLE TELEVISION ASSOCIATION

Chairman

ROBERT HUGHES is chairman of Communications Properties, Inc., a multi-system operating company located in Austin, Texas.

Before joining CPI, Hughes was treasurer and a director of Telesystems Corporation, and vice president of Texas Capital Corporation.

Hughes is involved in the financial community and serves on the board of directors of Union National Bank, Austin, and Del Rio Bank and Trust, Del Rio.

He was elected to the NCTA board in 1975. His contributions to NCTA have spanned the entire field of association activities, from redesigning NCTA's dues structure to testifying before Congress on the rewrite of the nation's basic communications law.

Hughes is a graduate of the University of Oklahoma and holds an MBA from the Harvard Business School.

Vice Chairman and Chairman-elect

DOUGLAS DITTRICK, president of Douglas Communications, Inc., Mahwah, New Jersey, is a cable industry pioneer. From 1973 to 1978, he served as president of Viacom Communications, a major division of the New York-based Viacom International. Dittrick is serving his second term on NCTA's Board of Directors and is a member of the Association's Executive Committee.

Since 1967, Dittrick has chaired or served on a broad range of NCTA committees, including the Government Relations/CABLEPAC Committee which he chairs for a second term.

Dittrick served as Vice President/Operations of American Television and Communications Corporation before joining Viacom in 1973, and is a graduate of Ohio Wesleyan University.



He was elected NCTA Chairman in February, 1979, and will take office at VISIONS '79, NCTA's Las Vegas convention.

President

ROBERT L. SCHMIDT became NCTA president in August of 1975.

He was director of public affairs in the Washington office of International Telephone and Telegraph from 1964-74. Before joining NCTA, he maintained a private law practice, doing government relations work for corporate clients and representing national sports figures.

Schmidt is a graduate of the University of Southern California, where he received a degree in business administration. He holds an MA in international business from American University and a law degree from Georgetown Law Center.



CABLE: THE WAY TO TURN

Cable television systems of today have moved far ahead of the community antenna service of thirty years ago. In addition to providing a broader range of local service, cable television has developed a national cable satellite system, the most efficient way to bring more information and entertainment to mass numbers of people.





**National
Cable Television
Association**

1978 Cable Television Developments

Size of Industry

Number of Cable TV Systems	approximately 4,000*
Number of Communities Served	approximately 9,400*
Subscribers (Home Served)	14 million
Penetration:	
Homes served as percent of homes passed by cable	55%
Homes served as percent of U.S. TV households	19%
Homes passed by cable	approximately 25.5 million
Employment	31,000
Miles of Plant in Place	268,000

*1978 TV Factbook

Financial Information

Total assets*	\$2.5 billion
Industry revenues for 1976*	\$999.8 million
Total operating expenses	\$615.9 million
Pre-tax net income	\$57.7 million
Construction costs:	
Average cost of aerial plant is	\$6,000 per mile
Average cost of underground plant is	\$10,000 per mile
Cost of underground plant in dense urban areas runs as high as	\$80,000 per mile

*FCC Cable Financial Date for the Period January-December 1976

Subscriber Fees

Typical one-time installation fee	\$15.00
National average monthly fee	\$7.00
Range of monthly fees in typical larger market systems built since 1972	\$8.00-\$10.00

Channel Capacity*

Over 20	501
13-20	465
6-12	2,759
5 only	157
Sub-5	19
Not available	10
TOTAL	3,911

National Cable/Satellite Network

FCC licenses granted or pending for earth stations*	714
Subscribers served by systems with granted or pending licenses*	5.1 million
Earth stations now receiving programming for cable	341
Systems served by satellite	426
Microwave links from existing earth stations*	112
Subscribers served by satellite	3.1 million
Homes passed by systems served by satellite*	6.2 million
Miles of plant in systems served by satellite*	70,200

Services Transmitted by Satellite

Christian Broadcasting Network (WYAH/27), Virginia Beach, Va.
 Fanfare, Houston, Texas
 Home Box Office, (Time, Inc.), New York, NY
 Home Theater Network, Portland, ME
 Madison Square Garden (UA-Columbia), New York, NY
 PTL (People That Love) Network, Charlotte, NC
 Showtime, (Viacom International), New York, NY
 Spanish International Network (WLTU/23), Miami, FL
 Trinity Broadcasting Network, Los Angeles, CA
 UPI Newstime (United Press International), Tulsa, OK
 WTCG, Channel 17, Atlanta, GA

Services Soon to be Transmitted by Satellite

Cable-Satellite Public Affairs Network, Washington, DC
 Calliope (UA-Columbia), New York, NY
 KTVU, Channel 2, Oakland, CA
 WGN, Channel 9, Chicago, IL

*Applachian Educational Satellite Program as of August 1, 1978



State Statistics

State	No. of Systems	No. of Communities	Subscribers
Alabama	88	129	224,735
Alaska	13	19	13,480
Arizona	43	75	74,133
Arkansas	100	133	148,647
California	290	786	1,681,030
Colorado	42	91	93,269
Connecticut	16	54	154,108
Delaware	9	31	71,350
Florida	122	353	528,432
Georgia	86	167	298,707
Hawaii	10	64	77,228
Idaho	49	83	62,517
Illinois	96	216	379,486
Indiana	84	138	252,442
Iowa	50	62	98,711
Kansas	122	144	185,180
Kentucky	123	284	187,699
Louisiana	44	82	156,651
Maine	34	68	86,004
Maryland	30	85	101,613
Massachusetts	34	74	189,698
Michigan	91	282	325,024
Minnesota	95	140	144,274
Mississippi	69	110	182,099
Missouri	87	121	155,412
Montana	35	57	90,222
Nebraska	48	55	81,794
Nevada	10	30	32,306
New Hampshire	38	75	85,381
New Jersey	36	189	303,240
New Mexico	33	69	100,189
New York	183	729	987,756
North Carolina	59	114	210,199
North Dakota	31	36	97,825
Ohio	177	468	644,217
Oklahoma	99	111	192,385
Oregon	101	205	192,459
Pennsylvania	328	1,550	1,210,250
Rhode Island	1	1	3,062
South Carolina	40	77	106,380
South Dakota	18	25	46,731
Tennessee	78	117	145,403
Texas	255	369	740,267
Utah	6	13	15,549
Vermont	39	100	71,502
Virginia	77	166	176,546
Washington	102	242	302,495
West Virginia	181	506	294,306
Wisconsin	78	146	166,119
Wyoming	27	48	74,340
Guam	1	1	12,800
Marianas	1	1	1,100
Puerto Rico	1	5	13,125
Virgin Islands	1	1	1,200

35 Largest U.S. CATV Systems*

System	Subscribers
San Diego, CA (Mission Cable TV, Inc.)	129,750
New York, NY (Manhattan Cable TV)	90,000
Los Angeles, CA (Theta Cable of California)	80,743
Oyster Bay, NY	70,000
Suffolk County, NY	65,700
Austin, TX	65,087
San Jose, CA	63,000
Allentown, PA	59,350
Northampton, PA (Twin County Trans-Video, Inc.)	57,000
Toledo, OH	50,000
New York, NY (Teleprompter)	47,478
San Francisco, CA	46,428
Wilmington, DE	46,000
Santa Barbara, CA	42,042
San Rafael, CA	41,200
Erie County, NY	41,000
Harrisburg, PA	40,448
Reading, PA (Berks TV Cable Co.)	35,600
Eugene, OR	33,621
Bakersfield, CA (Warner Cable)	31,673
Sarasota, FL (Storer Cable TV)	31,325
Scranton, PA	30,291
Altoona, PA	30,091
Concord, CA	29,428
Utica, NY	29,400
Wildwood, NJ	29,332
Seattle, WA (Teleprompter)	28,981
Canton, OH	28,800
Gainesville, FL	28,470
Harlingen, TX	28,000
Santa Cruz, CA	27,359
Honolulu, HI (Oceanic Cablevision)	27,300
Columbus, OH (Warner Cable)	27,267
Lincoln, NB	27,258
Flint, MI	26,658

Ownership of CATV Systems*

Systems with any degree of cross-ownership are counted. Systems with ownership in more than one category are counted in each.

Of the 3,911 systems operating as of September 1, 1977, ownership categories are as follows:

Category	Systems	%
Broadcaster	1,179	30.1
Newspaper	474	12.1
Book or Magazine Publisher	501	12.8
Program Producer or Distributor	772	19.7
Theater	301	7.7
Telephone	73	1.9
Community or Subscriber	106	2.7
Cable or Broadcast Equipment	422	10.8

*TV Factbook (Sept. 1, 1977)

Pay Cable Television

Pay cable television is a premium programming service offered to CATV subscribers by a growing number of cable operators. For an extra monthly fee, pay cable subscribers receive a separate channel of high quality programming beyond the basic CATV service. This pay cable programming, which usually includes current movies, sports programming not available on commercial TV, drama, cultural and children's programs, and entertainment specials, is presented in unedited form and without commercial interruptions.

Pay Cable Statistics*

Pay subscribers 12/31/77	1.6 million
Homes passed by systems offering pay	13.4 million
Basic subs in systems offering pay	6.5 million
Number of systems offering pay	604
Number of states where pay cable is in operation	46
Typical pay rate	\$7.92

Pay-Cable Distributor/Bookers*

Distributor/Booker	System	Subscribers
Home Box Office (Time, Inc.) NY	390	1,046,420
Telemation Program Services of New York	60	239,320
Hollywood Home Theatre of NY (includes PRISM)	25	95,930
Showtime, (Viacom) NY	38	91,890
Independents (Self-booked)	29	78,410
Optical Systems, Atlanta, GA	15	29,010
Pay TV Services, Dunwoody, GA	10	26,000
Best Vision, Glendale, AZ	31	25,140
Cinamerica, Beverly Hills, CA	6	9,990

*Kagan, Paul, 'Pay TV Newsletter' 3/8/78

Growth of Industry*

	TV Homes (thousands)	CATV Systems	SUBS. ¹ (thousands)	CATV Saturation of TV Homes
1968	56,374	2,000	2,800	4.9
1969	57,514	2,260	3,600	6.3
1970	59,389	2,490	4,500	7.6
1971	60,775	2,639	5,300	8.7
1972	62,969	2,841	6,000	9.5
1973	65,244	2,991	7,300	11.2
1974	66,575	3,158	8,700	13.1
1975	68,771	3,506	9,800	14.3
1976	70,573	3,651	10,800	15.3
1977	71,556	3,832	11,900	16.6
1978	73,307	4,001E	13,000	17.7

(as of January 1 each year) *1978 TV Factbook

CATV Originations*

Total Systems Operating	3,911
Total Systems Originating	2,571
Systems with automatic originations only	1,474
Systems with non-automatic originations only	97
Systems with automatic & non-automatic originations	1,000

Automatic originations, by type—

Time-weather	2,359
News ticker	603
Stock ticker	274
Sports ticker	199
Message wheel	394
Advertising	451
Other	347

Non-automatic originations, by type—

Local live	680
Film	197
Tape	389
School channel	243
Public access	182
Advertising	284
Pay-cable	530
Other	219

*1978 TV Factbook

Service Options

Retransmission of local broadcast signals

Importation of independent TV stations from around the country

Cable/satellite programming

Importation of networks to areas which would not otherwise have full local network service

Pay TV channels featuring commercial-free programming

Origination of local, community-oriented programs

Examples of automated services

- news ticker
- stock reports
- weather reports
- shopping guides
- security services

Typical Local Origination Services:

Retirement Advice—Mission Cable TV, San Diego, CA

Classified Ads—Clinton Cablevision, Clinton, IA

Government Information—Gill Cable, San Jose, CA

Transportation Service—Theta of California, Los Angeles, CA

Consumer Shopping—Tulsa Cable TV, Tulsa, OK

Swap & Shop—Cablevision Systems Corp., Oyster Bay, NY

Spanish Programming—Warner Cable of Kern County, Bakersfield, CA

German Programming—Manhattan Cable TV, New York, NY

French Programming—Teleprompter Manhattan Cable, New York, NY

Top 50 Cable System Operators**

With breakdown of Top 25 and Second 25 status of December 31, 1977. Data obtained directly from company officials.

Rank	System Operator	Number of Subscribers
1.	Teleprompter	1,111,529
2.	American TV & Communications Corp.	690,000
3.	Tele-Communications Inc.	575,500
4.	Warner Cable Corp.	570,000
5.	Cox Cable Communications Inc.	504,000
6.	Viacom International Inc.	362,875
7.	Sammons Communications Inc.	309,033
8.	Communications Properties Inc.	293,000
9.	UA-Columbia Cablevision Inc.	238,000
10.	United Cable TV Corp.	207,002
11.	Continental Cablevision Inc.	201,745
12.	Storer Cable TV Inc.	198,724
13.	Cablecom-General Inc.	190,106
14.	Service Electric Cable TV Inc.	188,150
15.	TeleCable Corp.	162,000
16.	Midwest Video Corp.	159,674
17.	General Electric Cablevision Corp.	156,000
18.	NewChannels Corp.	147,466
19.	Daniels & Associates	145,092
20.	Liberty Communications Inc.	139,784
21.	Western Communications Inc.	109,000
22.	Texas Community Antennas Group	101,400
23.	Manhattan Cable TV Inc.	95,400
24.	Century Communications Corp.	91,486
25.	Times Mirror Co.	88,100
TOTAL—Top 25		7,035,066

Rank	System Operator	Number of Subscribers
26.	Comcast Corp.	87,200
27.	Telesis Corp.	86,162
28.	Karnack Corp. (LBJ Co.)	84,210
29.	Athena Communications Corp.	84,000
30.	Cablevision Systems Development Co.	81,000
31.	Tele-Media Corp.	80,926
32.	Communications Services Inc.	80,530
33.	Colony Communications Inc.	79,577
34.	Vision Cable Communications Inc.	75,321
35.	Harron Communications Corp.	72,000
36.	Acton Corp.	69,550
37.	Rollins Inc.	69,240
38.	Harris Cable Corp.	68,500
39.	Gill Cable Inc.	68,327
40.	Wometco Communications Inc.	66,885
41.	Heritage Communications Inc.	63,987
42.	Westinghouse Bcstg. Co. Inc.	61,969
43.	Plains TV Corp.	60,155
44.	Multi-Channel TV Cable Co.	58,318
45.	Twin County Trans-Video Inc.	58,000
46.	King Videocable Co.	56,000
47.	Palmer Bcstg. Co.	54,150
48.	Toledo Blade Co.	52,000
49.	Televents Inc.	51,975
50.	Omega Communications Inc.	48,000
TOTAL—2nd 25		1,717,982
GRAND TOTAL—TOP 50		8,753,048



CABLE TELEVISION'S EXPANDING DIVERSITY

OVER 1,000 PROGRAMMING HOURS WEEKLY

Cable television subscribers can receive over 1,000 hours of programming weekly from the following satellite users (some begin service in 1979). The satellites being used are the RCA Satcom I and Western Union's Westar II.

- Associated Press (special 24-hour cable TV version of AP newswire)
- The Christian Broadcasting Network (religious programming)
- C-SPAN (Cable Satellite Public Affairs Network, slated to begin coverage in March '79 of gavel-to-gavel proceedings of the House of Representatives)
- Entertainment and Sports Programming Network (regional sports programming, along with original productions)
- Fanfare Television (regional sports and special entertainment)
- Home Box Office (movies, original entertainment specials, sports events)
- Calliope (a special children's drama series)
- Madison Square Garden Sports (pro tennis, NHL & NBA games, track and field events from the New York Arena)
- Home Theater Network (G- and PG-rated movies package)
- Modern Talking Pictures
- Nickelodeon (children's programming, 13 hours daily)
- PTL Television Network (religious programming)
- Reuters, Ltd. (statistical data, stock and commodity information and financial news, plus supplies computerized business information to banks, brokerage houses and commodity dealers)
- Showtime Entertainment (movies, original entertainment specials, sports events)
- WTCG - Independent TV station from Atlanta
- KTVU - Independent TV station from Oakland
- Star Channel (movies, specials)
- Trinity Broadcasting Network (religious programming)
- UPI-Newstime (24-hour news service)
- WGN-TV - Independent TV station from Chicago
- WOR-TV - Independent TV station from New York
- KTTV - Independent TV station from Los Angeles
- Spanish International Network (Spanish language channel)

CABLE-ONLY SATELLITE

RCA Americom is seeking FCC authorization to launch a third satellite, Satcom III, late in 1979 to accommodate the expanding number of services being developed by cable television. When FCC authorization is given, there could be as many as 35 transponders available for cable programming distribution.

Satcom I is full, so this satellite launch was moved up a year because of the demand for space for cable programming.

available for pay cable distribution. At this time, there are seventeen companies currently producing product for pay-cable television.

The climate of inter-industry competition to produce material applicable to the pay cable audience is proof that, as stated in the Los Angeles Times recently, "the cable industry is addressing itself to the content, and not just the form, of what it is carrying into people's homes."

THE INFORMATION ERA

Constant advances and experimentation with cable television technology have made cable far more than an entertainment medium. Cable systems are offering consumers a wide variety of new services in other formats.

For example, now in operation in 11 cable systems across the country is a fire/burglar alarm system that protects cable subscribers and their property over the same cable that brings entertainment into the home. More and more communities are exploring this unique use of cable television for their residents.

To be unveiled later this year is a video game service expressly designed for cable technology by Mattel Toys and Jerrold Electronics. This service also can include personal computer-type services for the family.

Videotex information systems will provide consumers, through cable television, the capability of obtaining and displaying stored data such as sports, news, shopping, and educational material. A similar service is already available to consumers in Canada (with its greater cable penetration). This type of service was introduced to the business community in this country four years ago by Reuters via Manhattan Cable Television. It provides data transmission, via cable, to over 400 locations in lower New York City, and includes information on securities, money markets, and commodities.

In Suffolk County, New York, residents accused of a misdemeanor will be arraigned directly from the local police precinct via a two-way cable interconnection with the Courthouse. This will save the community approximately \$1 million per year in transportation and processing costs.

These services and others have transformed cable television into a unique medium which fits none of the traditional categories of communications services. Its economic structure, embracing both subscriber and some advertising revenues, and the growth of new services have made the medium into an entity which can best be described as an "electronic publisher".

CHILDREN'S TV FIT FOR KIDS

The list following this section shows where cable systems have built receive-only earth stations to pick up the satellite programming. The cable television industry is the largest user of domestic communications satellites, with 1,000 earth stations in place at the end of 1978.

The cable television industry has developed and is offering programming especially produced for, and directed to, children and teenagers. For example,

*Warner Cable Corporation is offering, via satellite, "Nickelodeon", a children's channel with 13 hours of programming a day. Series include "Pinwheel" for pre-schoolers, and a talk/disco series, "Bananaz" for teenagers, and educational feature items on a wide variety of subjects. All the programming is non-violent and without commercial interruption.

The production staff of Warner Cable Corporation includes former staff members of the Children's Television Workshop.

*"Calliope", distributed by UA-Columbia, Inc., in joint venture with the Learning Corporation of America, has been programming children's shows since September 1978. Programming includes 90 minutes of films each week covering comedy, drama, short stories, and U.S. History. Films have been selected for ages 4-14, and include national and international classics.

*On the local level, numerous cable systems provide special children's programs, produced and originated by the system operator. Many of these are educational services. A system in Garden City, New York, for example, offers a call-in tutoring program through which teachers provide evening help on homework.

EVOLUTION OF PAY CABLE

In 1972, when pay cable programming was first introduced to cable subscribers, its main feature was movies shown without commercial interruption.

But with expanding cable television channel capacity -- particularly in urban areas-- and a national pathway for programming via satellite, made-for-pay cable programming is mushrooming and diversifying to include virtually all phases of entertainment.

The cable industry will spend \$100 million in non-movie production in 1979, double its 1978 expenditures.

Consumers can choose from made-for-pay movies, specials, in-concert performances with top-name stars, and sports programming. Additionally, in an attempt to offer an even greater choice of viewing, a number of pay-cable companies are offering special family packages that include children's programming, G- and PG-rated movies. Walt Disney Productions is also making programs

PROGRAMMING AVAILABLE TO CABLE SYSTEMS VIA SATELLITE

January 1979

<u>Programming</u>	<u>Satellite</u>	<u>Description of Service</u>
Christian Broadcasting Network Pembroke 4 Virginia Beach, Virginia 23463 (804) 499-8241	Satcom I	Religious programming
C-SPAN 1745 Jefferson Davis Highway, Suite 308 Arlington, Virginia 22202 (202) 892-4200	Satcom I	Gavel-to-gavel coverage of U.S. House of Representatives
Entertainment & Sports Programming Network 319 Cooke Street Plainville, Connecticut 06062 (203) 747-6847	Satcom I	Regional sports, Original programming
Fanfare Television Ten Greeway Plaza, East Suite C-290 Houston, Texas 77046 (713) 960-8731	Satcom I	Regional sports (S.W. Conference, Astros, Rockets) Movies, Special entertainment programming
Home Box Office, Inc. Time-Life Building, 15th Floor Rockefeller Center New York, New York 10020 (212) 556-4715	Satcom I	Movies, Sports, Specials
Home Theater Network, Inc. 465 Congress Street Portland, Maine 04101 (207) 774-6334	Satcom I	G and PG rated movies
Madison Square Garden Sports 7 Fir Court Oakland, New Jersey 07436 (201) 337-5700	Satcom I	Sports
Modern Cable Programs 2323 New Hyde Park Road New Hyde Park, New York 11040 (516) 437-6300	Satcom I	Independent (non-network) programming

<u>Programming</u>	<u>Satellite</u>	<u>Description of Service</u>
Nickelodeon Children's Programming, Warner 75 Rockefeller Plaza New York, New York 10019	Satcom I	Children's programming
PTL Television Network Charlotte, North Carolina 28279 (704) 554-6080	Satcom I	24-hour religious programming
Reuters, Limited 1700 Broadway New York, New York 10019 (800) 221-7266/6430	Satcom I	News, Stocks, Financial
Showtime Entertainment, Inc. 1211 Avenue of the Americas New York, New York 10036 (300) 223-0646/0647	Satcom I	Movies, Special programming
Star Channel (Warner) 75 Rockefeller Plaza New York, New York 10019 (212) 484-6826	Satcom I	Movies, Special programming
Trinity Broadcasting Network P.O. Box A Santa Ana, California 92711 (714) 832-2950	Satcom I	Religious programming
United Press International-Newstime 220 East 42nd Street New York, New York 10017 (212) 682-0400	Satcom I	24-hour news, Financial
WTCG, Channel 17 Cable Relations 1018 West Peachtree Street Atlanta, Georgia 30309 (404) 875-7317	Satcom I	Independent (non-network) programming
WGN, Channel 9 2501 Bradley Place Chicago, Illinois 60618 (312) 528-2311	Satcom I	Independent (non-network) programming
KTVU, Channel 2 Miami Valley Broadcasting Corporation One Jack London Square Oakland, California 94607 (415) 834-2000	Satcom I	Independent (non-network) programming

<u>Programming</u>	<u>Satellite</u>	<u>Description of Service</u>
Digital Communications 310 14th Avenue South St. Petersburg, Florida 33701 (813) 822-7871	Westar II	Movies
Spanish International Network 250 Park Avenue New York, New York 10017 (212) 697-0585	Westar II	Spanish language programming

Cable TV Operator Owned Earth Stations

Alabama
 Andalusia
 Anniston
 Atmore
 Birmingham
 Brewton
 Daleville
 Decatur
 Demopolis
 Dothan
 Enterprise
 Fayette
 Florence
 Gadsden
 Hamilton
 Huntsville
 Jasper
 Mobile
 Oneonta
 Opelika
 Opp
 Ozark
 Pell City
 Prattville
 Russellville
 Selma
 Smiths
 Troy
 Tuscaloosa
 Wetumpka
 Winfield

Arizona
 Bisbee
 Bullhead City
 Globe
 Keystone Park
 Lake Havasu City
 Mesa
 Phoenix
 Prescott
 Sierra Vista
 Smith Peak
 Tempe
 Yuma

Arkansas
 Arkansas City
 Berryville
 Cordova
 El Dorado
 Ft. Smith
 Harrison
 Helena
 Jonesboro
 Little Rock
 North Little Rock
 Pine Bluffs
 Springdale
 Van Buren

California
 Alturas
 Arvin
 Bakersfield
 Cajon
 El Centro
 Dublin
 Gilroy
 Hayward
 La Junta
 Lompoc
 Los Angeles
 (Santa Monica)
 McCloud
 Modesto
 Napa
 Orinda
 Piedmont
 Rancho Cordova
 Sacramento
 San Bernardino
 San Bruno
 San Diego
 San Lorenzo
 San Francisco

Colorado
 Akron
 Basalt
 Crested Butte
 Durango
 Estes
 Glenwood Springs
 Grand Junction
 Hollyoke
 Morrison
 Yuba

Connecticut
 Clinton
 Danbury
 Manchester
 Middletown
 New Haven
 New Milford
 North Branford
 Seymour
 Stonington

Delaware
 Wilmington

Florida
 Barton
 Bonita Springs
 Bradenton
 Brandon
 Brooksville
 Cape Coral
 Cocoa Beach
 Dade City
 Delray Beach
 Fernandina Beach
 Ft. Lauderdale
 Ft. Myers
 Ft. Pierce
 Ft. Walton Beach
 Gainsville
 Homestead
 Key West
 Lake Wales
 Lakeland
 Manatee Co.
 Margate
 Mulberry
 Mullis City
 Naples
 New Port Richey
 New Smyrna Beach
 Niceville
 North Lauderdale
 Orlando
 Panama City
 Pensacola
 Parine
 Pompano Beach
 Port Charlotte
 Sarasota
 Sebastian
 Tallahassee
 Valparaiso
 West Palm Beach
 Winterhaven
 Winter Park

Georgia
 Athens
 Atlanta
 Augusta
 Barnesville
 Brunswick
 Overland Park
 Paola
 Pittsburg
 S. Kansas City
 Topeka
 Windfield

Kentucky
 Ashland
 Barbourville
 Elizabethtown
 Ft. Campbell
 Fulton
 Glasgow
 Henderson
 Idaho Falls
 Louisville
 Owensboro
 Paducah

Louisiana
 Alexandria
 Bastrop
 Baton Rouge
 Bossier City
 De Ridder
 Golden Meadow
 Houma
 Jonesboro
 Kenner
 Lake Charles
 Leesville
 Minden
 Monroe
 Morgan City
 Natchitoches
 New Iberia
 Opelousas
 Ruston
 Schreveport
 Slidell
 Thibodaux

Maine
 Portland
 Rockland
 Washburn

Maryland
 Aberdeen
 Allegany Co.
 Anne Arundel Co.
 Marion
 Cumberland
 Gaithersburg
 Hagerstown
 Salisbury

Massachusetts
 Nantucket
 Orleans
 Palmer (Monson)
 Pearl
 Lewiston
 Woburn

Michigan
 Adrian
 Bay City
 Calumet
 East Lansing
 Escanaba
 Flint
 Grand Rapids
 Greenville
 Iron Mountain
 Ironwood
 Kalamazoo
 Lakeview
 Lansing Twp.
 Ludington
 Marston
 Monroe
 Mt. Pleasant
 Muskegon
 Saginaw

Minnesota
 Alexandria
 Austin
 Brainerd
 Cascade Twp.
 Detroit Lakes
 Duluth
 East Grand Forks
 Fosston
 International Falls
 Mankato
 Maple Lake
 Moorhead
 Ononoco Twp.
 Ortonville
 Rochester
 St. Cloud
 Thief River Falls

Mississippi
 Biloxi
 Booneville
 Canton
 Columbus
 Corinth
 Forest
 Fulton
 Hattiesburg
 Jackson
 McComb
 Meridian
 Natchez
 New Albany
 Oxford
 Pearl
 Starkville
 Vicksburg

Missouri
 Carthage
 Cape Girardeau
 Columbia
 Flat River
 Kansas City
 Malden
 Moberly
 Osage Beach
 Platte County
 Rolla
 St. Joseph

Montana
 Anaconda
 Billings
 Butte
 Great Falls
 Havre
 Kalispell
 Laurel
 Lewiston
 Missoula

Nebraska
 Aurora
 Beatrice
 Broken Bow
 Grand Island
 Lincoln
 McCook
 North Platte
 Oshkosh
 Sidney
 Tonopah

Nevada
 Carson City
 Reno

New Jersey
 Hackettstown
 Jacksonville
 Manahawkin
 Point Pleasant Beach
 Toms River
 Wanamassa
 Washington

New Mexico
 Albuquerque
 Bayard
 Carlsbad
 Deming
 Espanola
 Farmington
 Gallup
 Grants
 Hobbs
 Hurley
 Las Cruces
 Lovington
 Portales
 Santa Fe
 Silver City
 Socorro
 Taos

New York
 Amsterdam
 Buffalo
 Catskill
 Hornell
 Islip
 Liberty Village
 Suffolk
 Utica
 Warwick
 Wurtsboro

North Carolina
 Charlotte
 Durham
 Elizabeth City
 Fayetteville
 (Spring Lake)
 Forest City
 Greensboro
 Greenville
 Hickory
 Jacksonville
 James City
 New Bern
 Raleigh
 Roanoke Rapids
 Rocky Mount
 Glasgow
 Wilmington
 Winston-Salem

North Dakota
 Bismarck
 Dickinson
 Jamestown
 Minot
 Minot AFB

Ohio
 Ashland
 Ashtabula
 Beaver Creek Twp.
 Columbus
 Conneaut
 Dayton
 Delaware
 Hamilton
 Ironton
 Lancaster
 Lima
 Mansfield
 Marion
 Nelsonville
 New Lexington
 Newark
 Piqua
 Portsmouth
 Shaker Heights
 Zanesville

Oklahoma
 Ada
 Anadarko
 Ardmore
 Atoka
 Chickasha
 Clinton
 Coalgate
 Cordell
 Duncan
 Edmond
 El Reno
 Elk City
 Fairview
 Muskogee
 Norman
 Perry
 Ponca City
 Pondreok
 Poteau
 Sayre
 Tulsa
 Weatherford
 Yukon

Oregon
 Bend
 Brookings
 Eugene
 Portland

Pennsylvania
 Canonsburg
 Erie
 Farrell
 Hookstown
 Johnstown
 Londonderry
 Lower Pottsville
 Pottstown
 Masontown
 Meadville
 Monroeville
 Oil City
 Plum
 Reading
 Red Lion
 S. Ampton Twp.
 Titusville
 Westleyville

Rhode Island
 Bradford

South Carolina
 Aiken
 Beaufort
 Charleston
 Clinton
 Columbia
 Conway
 Florence
 Gaffney
 Georgetown
 Greenville
 Greenwood
 Greer
 Harbison
 Hilton Head Island
 Laurans
 N. Charleston
 N. Myrtle Beach
 Orangeburg
 Richland County
 Shaw AFB
 Simpsonville
 Spartanburg
 Sumter
 Surfside Beach
 Williston

South Dakota
 Edgemont
 Mitchell

Tennessee
 Bristol
 Chattanooga
 Cleveland
 Columbia
 Cookeville
 Dyer
 Erwin
 Greeneville
 Henderson
 Jackson
 Kingsport
 Knoxville
 La Follette
 Lawrenceburg
 Lenoir
 Lexington
 Loudon
 Manchester
 McMinnville
 Memphis
 Murfreesboro
 Oak Ridge
 Paris
 Pulaski
 Spartan
 Trenton
 Tullahoma

Texas
 Abilene
 Amarillo
 Austin
 Ballinger
 Beaumont
 Beeville
 Bellaire
 Brazoria
 Breckenridge
 Brownsville
 Bryan (A)
 Bryan (B)
 Canyon
 Champions
 Clear Lake City
 Cleveland
 Larkana
 Conroe
 Corpus Christi
 Corsicana
 Crosbyton
 Dalhart
 Del Rio
 Denver City
 Edna
 El Paso
 Galveston
 Georgetown
 Glenrose
 Harlingen
 Huntsville
 Kerville
 Laredo
 Llano
 Lockhart
 Lubbock
 Marfa
 New Braunfels
 Olney
 Orange
 Palestine
 Pampa
 Pasadena
 Pearsden
 Perryton
 Pharr
 Plainview
 Port Arthur
 Port Neches
 Raymondville
 Rockdale
 Rocksprings
 Sea Graws
 Seminole
 Sequim
 Stockton
 Sulphur Springs
 Taylor

Tennessee
 Tyler
 Uvalde
 Waco
 Westlaco

Utah
 Brigham City
 Logan
 Ogden
 Salt Lake City
 Vernal

Virginia
 Arlington
 Covington
 Danville
 Fredericksburg
 Grundy
 Hampton
 Hopewell
 Lynchburg
 Newport News
 Norfolk
 Onancock
 Petersburg
 Pulaski
 Richlands
 Roanoke
 Rocky Mount
 Salem
 Solina
 Tazewell
 Virginia Beach

Washington
 Aberdeen
 Anacortes
 Auburn
 Centralia
 Kennewick
 Megler
 Olympia
 Omak
 Pasco
 Prosser
 Spokane
 Tacoma
 Wenatchee

West Virginia
 Berkeley
 Cedar Grove
 Charleston
 Eleanor
 Fairmont
 Gaslogun
 Huntington
 Kenova
 Parkersburg
 Princeton
 Wheeling

Wisconsin
 Appleton
 Beaver Dam
 Brookfield
 Marfa
 Eau Claire
 Elm Grove
 Fond du Lac
 Janesville
 Madison
 Milwaukee
 Onalaska
 Prairie du Chem
 Racine
 Rhinelander
 Ripon
 Superior
 Wausau
 Wauwatosa

Wyoming
 Casper
 Cheyenne
 Dubois
 Green River
 Lander
 Rawlins
 Riverton

Broadcaster Owned Earth Stations

Phoenix Arizona
 Sacramento California
 Tustin California
 Miami Florida (2)
 Tampa St. Petersburg
 Florida
 Atlanta Georgia
 Boston Massachusetts
 Minneapolis Minnesota
 Kansas City Missouri
 St. Louis Missouri
 Buffalo New York
 Charlotte North Carolina
 Dallas Texas
 San Antonio Texas
 Virginia Beach Virginia
 Seattle Washington

RCA Stations Dedicated to Government Users

Delano California
 Dixon California
 Edwards AFB California
 Monterey California
 Pasadena California
 Sunnyvale California
 Thule AB Greenland
 Kokee Park Hawaii
 Goddard SFC
 Maryland (2)
 Suitland Maryland
 Offutt AFB Nebraska
 White Sands New
 Mexico (2)
 Sioux Falls South Dakota
 Johnson Space Center
 Texas (2)
 Wallops Island Virginia

Major RCA American Earth Stations

Los Angeles California
 San Francisco California
 Atlanta Georgia
 Chicago Illinois
 New York New York
 Houston Texas

RCA Tracking Telemetry & Command Stations

Los Angeles California
 (South Mountain)
 New York New York
 (Vernon Valley,
 New Jersey)

Offshore Services

Dolling Vessel
 Baltimore Canyon



THE CITIES: CABLE'S NEXT FRONTIER?

1. New cable services have spurred consumer demand in major urban areas.
 - o Recently built suburban systems offering pay TV and innovative local programming have demonstrated cable's expanded viewing options to nearby cities.
 - o Cable systems were built in a few major markets -- among them New York, Los Angeles and San Francisco -- in the 1950's and 1960's to solve local reception problems.
 - o A new wave of construction is currently underway in cities like Rochester and Syracuse, NY; Louisville, KY; Ft. Lauderdale and Jacksonville, FL; Ft. Wayne, IN; Richmond, VA.
 - o Other cities are now hammering out cable franchises, including Kansas City, MO; Little Rock, AR; Oklahoma City, OK; Pittsburgh, PA; and San Antonio, TX.

2. Federal regulation, which has blocked cable from major TV markets, seems to be slowly loosening.
 - o Prompted by broadcasters' fears of competition, the Federal Communications Commission froze cable development in urban areas for four years, 1968-1972.
 - o Regulations issued in 1972 still restrict the number and kind of TV signals cable systems can offer--an important commodity in establishing cable in major markets.
 - The increased programming added by distant signals attracts the broad subscriber base cable systems need to be economically viable and to develop cable's community potential.
 - The FCC rules limit the number of distant signals systems can carry and often require up to 50 per cent of the programming on those signals to be blacked out.
 - o Recent court decisions have overturned some regulations, including those limiting development of pay TV.
 - o The FCC is currently reviewing its rules, and the chairman of the House Communications Subcommittee has proposed legislation which would end all federal regulation of cable.

3. Lending markets are opening up to long-term cable financing.

- o Cable development in urban areas, which requires large capital loans, was restricted by the economy-wide credit crunch of 1972-75.
- o Lending institutions made almost \$100 million in cable industry loans during 1977, up 10% over 1976.
- o Insurance companies are now entering cable loan competition for the first time, reflecting the maturing nature of the industry.



SPEAKING OF CABLE

In this era of mass communications, policy makers are increasingly interested in the abundance of cable television channels and the variety of services they can bring to the office and home. Soon the only limits on new programming and services may be the limits of man's imagination.





Robert L. Schmidt

The People v. Television

As TV writer Tom Shales predicted, The Washington Post's recent survey of Americans' changing attitudes toward television has created a furor in the plush offices of network executives and movie moguls.

Fifty-three percent of the viewers polled by The Post said they watch less television now than they did five years ago, and that with the exception of a few favorites, they are often disappointed by what they are offered.

For the people who program America's television sets—both the executives of the three major networks and the heads of the dominant production studios—the Post poll is a colossal vote of no-confidence. Most disturbing of all

That second line was the underpinning of a response to the Post poll that appeared on this page March 8, "Why Such 'Charity' for Cable TV?," by Jack Valenti, president of the Motion Picture Association of America.

While Valenti gave lip service to making more diverse programming available to consumers through new technologies, he raised the common cry of poverty for the production community. The role of his member companies, Hollywood's big movie houses, is being overlooked in federal communications policy, he said, and they are being forced to subsidize the growth of cable television through a "loophole" in the nation's copyright law.

Behind that artful rhetoric is a blatant attempt by the nine largest studios to enlist the federal government in guaranteeing their huge profits at the expense of consumers who want a wider range of viewing options. In the case of *The People v. Television*, the major program producers have weighed in on the side of the floundering networks.

Valenti tells us that the federal government must come to the rescue of major production studios by giving them control over the programming cable television carries, ensuring that the studios will be able to exact a hefty profit. He fails to mention that the cable television copyright formula he now calls a loophole was actually arrived at through negotiations in which he took the lead in 1976. An agreement setting cable's payments was signed by Valenti and myself on April 26, 1976, and ultimately became part of the new Copyright Act, ending years of dispute. The act took effect in 1978, and in its first year of operation generated between \$12 million and \$14 million in



By Zarko Karabatic for The Washington Post

Taking Exception

from the perspective of the TV giants should be that this dissatisfaction is abroad precisely when new entertainment technologies with the ability to offer the consumer greater freedom of choice are becoming widely available.

The networks and the studios have two standard responses to criticism of television as we know it. The first, uttered from on high with a flavor of noblesse oblige, is reminiscent of telephone-company executives' response to criticisms of our "best-in-the-world" telephone system: We are told to hold our tongues because our system is better than all others. The second is a series of stern lectures on the dangers of tinkering with the system: To allow new technologies—from cable television to videodiscs—to compete freely with networks and broadcast stations will inevitably bring on the demise of all of the best in television.

new revenue for program suppliers—10 percent of the cable industry's profits.

Now the major studios want more money and want Congress and the Federal Communications Commission to help them get it. The real issue, unfortunately, is lost in the debate. While the argument focuses on how to split the people's purse, consumers' clearly expressed desire for more viewing options is being ignored.

A wide variety of new programming could be provided by broadcast television. Instead, the industry seems more intent on cloning old programs to reach new heights of banality.

New programming options could be provided by Hollywood. Instead, the major studios are focusing on how to help the networks force-feed the public more of the same.

New viewing options are being provided by cable television. Through the nation's largest system of satellite transmission, cable TV systems are bringing millions of American homes over 1,000 hours a month of program alternatives, including:

- Two special children's channels;
- Three full channels of religious programming;
- All-news television channels;
- Made-for-cable entertainment specials;
- Gavel-to-gavel coverage of the U.S. House of Representatives;
- First run, uncut, noncommercial movies;
- Independent TV stations from distant cities.

With these alternatives available, and more in planning, it is not surprising that 36 percent of those polled by The

Post indicated they would be willing to pay a small sum for better television.

But at every step, broadcasters and the studios have enlisted government support to halt the development of alternative program options. Distant-city television signals, which are a major attraction for cable subscribers in urban markets, have been the prime focus. First, the FCC was prompted to require cable systems to obtain retransmission consent from both broadcasters and the studios; the result, from 1968 to 1972, was a virtually total freeze on new distant-television signals for cable viewers, as broadcasters and program suppliers "turned off the spigot" on cable programming. After that approach failed, the FCC was pushed to protect broadcast television from cable competition by another tack: limiting the number of distant signals cable systems could offer consumers, and requiring the blacking out of up to 50 percent of the programming on those signals.

Now we have come full circle, with broadcasters and program suppliers reviving the old retransmission consent idea in an attempt to balloon the studios' profits and to regain the broadcasters' control over cable TV services.

If government steps in again at the movie barons' behest, it will be handing the future of television back to the control of the men who made the medium what it is today. And the viewing public, whose voice is only beginning to be heard demanding new programming and services, will be deprived of new choices that it is only beginning to know are possible.

The writer is president of the National Cable Television Association.



Fading Reception

The Bloom Is Off America's Love Affair With the Tube

By Tom Shales

America is tired of its television set. It wants a new one.

The old one is wearing out. It is even wearing out its welcome in the American living room.

A nationwide Washington Post Poll published today shows that a majority of TV viewers—53 percent, the highest such figure ever recorded—say they watch less television now than they did five years ago, that they are frequently disappointed by programs they see—except for their regular favorites—and that they are in the most receptive mood they've ever been in when it comes to welcoming alternative forms of television, including pay television.

These findings will send network executives into lathers. They can be counted on

to give them the royal pooh-poo, citing Nielsen ratings that do not show any substantial viewer dropoff, except in daytime hours.

The figures corroborate what is rapidly becoming an irrefutable truism. People are



growing increasingly intolerant of proliferating commercials and such similar "ciutter" as station and network promos; a recent Advertising Age survey showed people are more offended and annoyed by TV commercials than ever and more irritated

See AIR, B11, Col. 1

by ads on TV than by those in any other medium.

With the regularity of cock-a-doodle doo's in a barnyard, network executives now make speeches warning against new technologies that threaten their profits—and offer the public something new. The latest of these speeches was made by CBS Inc. President John D. Backe in Los Angeles last month.

Backe called American television a "blessing," which it certainly has been for CBS Inc., and said, "Spokesmen for special interests can hurl all the criticisms they want, can call it chewing gum for the eyes, can damn us from dawn on Monday to dusk on Sunday, but an honest poll of our fellow residents on this planet will find that their vote is for television."

An honest poll has been taken and television doesn't get quite the hip-hip hoorah Backe imagined.

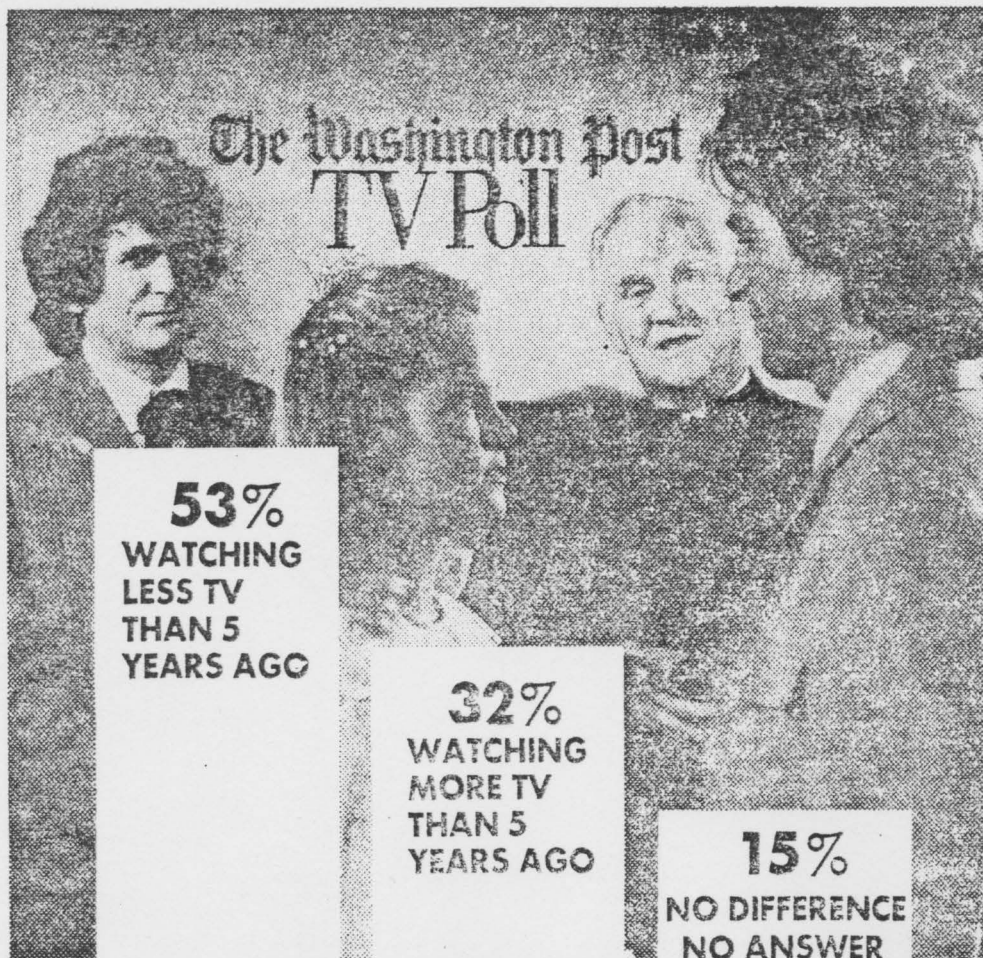
The poll shows more Americans than ever—even in a time of considerable economic uncertainty—responding favorably to the idea of paying for television rather than being limited only to the current commercial-potholed networks and stations or the only slightly less commercial "public" system.

Thirty-six percent of those polled agreed with the statement, "I'd rather pay a small amount yearly if I could, to have television without commercials." Those who said yes were then asked how much they would be annually willing to spend. The average figure from these responses was \$82 a year.

Guess what the average American cable TV home pays annually for cable service. According to the National Cable Television Association (NCTA): \$84.

People were about equally divided on whether television is better now or worse now than it was five years ago, but the dissatisfaction ratio is up considerably from previous surveys. People are tired of TV's monotone, though no less reliant on the medium as their chief source of news and entertainment. They just want more freedom of choice.

Yet for almost every new or enhanced technology and its promise of increased variety, there is a bastion of well-heeled opposition within the television and entertainment industry establishments. For years cable TV's growth was hampered by the broadcast lobby and its virtual lackey, the Federal Communications Commission (FCC). Enough FCC decisions against cable operators were overturned by courts to permit considerable growth in recent years, however.



Children's Programming Without Commercials

By LES BROWN

The new network does not go by initials but by the name Nickelodeon. Since it carries no advertising, it is liberated from the tyranny of audience headcounts. Instead of being designed by specialists in the art of riveting the great mass of viewers to the set, its programming is assembled by an authority in children's education, Dr. Vivian Horner, who helped develop "The Electric Company" for the Children's Television Workshop.

Programs carried by Nickelodeon, a channel for children, are intended to be more edifying than run-of-the-mine children's shows. The channel tries to be nonviolent, nonsexist, nonracist and nonpropagandistic. Its fare is a mix of foreign animations, vintage movie serials, films produced for the school market, short informational pieces, read-aloud comic book presentations, music and teenage forums.

Who created this utopian service? Not a philanthropic foundation but the entertainment conglomerate, Warner Communications. Nickelodeon was developed over the past year at Warner's experimental two-way cable installation, known as Qube, in Columbus, Ohio. Packaged into a 13-hour-a-day service, the programs are to be distributed to cable systems nationally, beginning April 1, by satellite. Even without commercials or direct subscription fees to consumers, Warner expects the venture to make money.

Revenues will come from the cable systems that carry the network, each paying 10 cents a month for every household reached. A dime a month may seem paltry, but as a Warner executive observed, "Ma Bell built an empire on the 5-cent phone call." Initially, Nickelodeon will reach 500,000 households, with the number expected to treble in a year and to expand steadily thereafter. For the cable systems paying the fee, Nickelodeon represents a loss leader — a giveaway likely to attract additional customers. As new subscribers sign up for cable television at \$7 to \$10 a month, the Nickelodeon revenues grow. With 10 million subscribers, the Nickelodeon dimes will add up to \$1 million monthly.

"Cable operators see this as an opportunity to be the good guys in comparison with commercial broadcasters," said John Lack, president of Warner Cable. That idea is implicit in the headline on the Nickelodeon brochure: "At Last. Children's Programming That's Fit For Children."

An Electronic Sandbox

Dr. Horner explained the Nickelodeon philosophy: "We are trying to make it be not-television, different from commercial or public television. And much of it will be — pardon the expression — good for them. The object is not to compete with the commercial networks but to provide an alternative. We're not trying to sell the kids anything. We're paid in advance for what we provide, and so we're not motivated the same as other television programmers."

"This doesn't look at all like television fare," Dr. Horner noted. "The pace is different, slower, gentler. There is none of the bang-bang-bang that the commercial people think necessary to catch and hold attention. The programming is made up of varied materials of varying lengths, so that none of it begins or ends on the hour. I think of it as an electronic sandbox the kids can come to whenever they wish."

For children between age 7 and the teens, the fare is mostly films from the Bernice Coe collection of quality films for television and from Xerox, Encyclopaedia Britannica, Macmillan and other companies producing for schools.

Bridging the age groups are old movie cliffhangers, such as the Tom Mix and Rin Tin Tin serials, and a new television form billed as Video Comic Books, in which the dialogue balloons are read by off-screen actors. "I think of it as a kind of supported reading activity, without making any educational claims for it," Dr. Horner remarked.

Nickelodeon's big, original production is a daily teenage program, "America Goes Bananas." This is a youth version of the talk-variety programs typified by "The Mike Douglas Show," with disco music and guest-star spots girding the "rap sessions," or dialogues, on teenage issues. "This program has some conventional TV concepts," Dr. Horner conceded, "but the difference is that it cares about kids and their concerns, without playing down to them."

Whatever the merits of the particular programs, the Nickelodeon concept elevates children's television from the programming ghettos to which it has been consigned by the networks and also insulates it from the cynicism of commercial impresarios. To the extent that television is a babysitter, the least that may be said for Nickelodeon is that its attitude is more positive, and its approach more responsible, than those of the alternative electronic nannies.

Nickelodeon is not the first venture of its kind but only the most ambitious. Last September, UA-Columbia Cablevision, in partnership with Learning Corporation of America, began sending out a weekly children's film series, "Calliope," for about 2 cents a subscriber. Programs have included "The Mime of Marcel Marceau" and "Ballet With Edward Villella." Sent out as an added service to the sports events on UA-Columbia's Madison Square Garden cable network, "Calliope" is received in about 850,000 households, according to Kay Koplovitz, manager of the miniature network. "Our concept," she said, "is not to provide programming in bulk but rather the best children's films available. There aren't so many of them that we could fill up a channel all day, every day of the week."

Still to come in the cable-television sweepstakes is a new family-entertainment channel, laden with children's programming, from Home Box Office, largest of the pay-television networks.

In cable, as in commercial television, children's programming is growing hotly competitive. The difference is that the race is along the high road rather than the low.

Satellite Spurs Growth of Cable TV

New York Times

Monday, December 20, 1978

By LES BROWN

A shower of programming from the sky promises a boon to cable television that some experts believe will elevate it to a full-fledged mass medium, attractive to advertisers, within the next two or three years.

The new programming will descend from Satcom I, an RCA communications satellite stationed in a fixed orbit 22,300 miles above the equator that will serve as the means of national distribution for the cable industry.

This satellite, through its present and imminent use by a variety of programming entrepreneurs, including Time Inc., Reuters, Warner Communications and United Press International, thus provides the answer to the frequently asked question of how the new urban cable-television systems will fit up the 36 channels of television they are capable of providing.

What Satcom I will offer in the next few months to many of the 14 million households wired for cable television will be modest new networks, new pay television services, independent television stations that specialize in sports and movies, a full-time U.P.I. voice and-picture news channel, a daylong channel of nonviolent children's programs and a channel providing full coverage of sessions in the House of Representatives.

Start of Cycle

This burst of national cable programming is viewed by experts as the start of a self-propelling cycle for cable television: The new programming is bound to attract new cable subscribers and the increase in audience will in turn stimulate even more ambitious cable fare.

"It's all coming quicker than anyone expected," Robert L. Schmidt, president of the National Cable Television Association, remarked. "It comes from programmers discovering that we have a distribution network and wanting access to it."

The suddenness of the development is illustrated by the fact that a year ago only four of the 18 available channels on Satcom I were in regular use, while today all 18 are spoken for. Companies have leased them for five to 10 years, paying up to \$1.3 million a year for the satellite time.

Moreover, the demand by others for satellite channels — known as transponders — has been so intense that RCA recently announced plans to send up another satellite next December, a year ahead of schedule. According to Andrew F. Inglis, president of RCA Americom, the company's domestic satellite division, all 24 channels on the new satellite will be claimed well before it is aloft.

Steady Growth Seen

With abundant cable traffic on two satellites, there is likely to be at any hour more programming available than any present cable system could accommodate on its channels. The prospect of a vast groaning board of new national program material for cable systems to choose from has experts anticipating a rapid expansion in cable households next year and a steady growth in the subsequent years.

This growth is expected to be hindered only by the time it takes to build new cable systems and by a shortage of skilled labor for the construction.

William Donnelly, a vice president of Young & Rubicam, the advertising agency, who has been following closely the developments in cable television, predicted recently that cable will achieve 30 percent penetration of the country — signifying its arrival as a national advertising medium — by 1981 or 1982.

The rush to get on the satellite began in September when RCA Americom set a deadline for long-term leases of the transponders. Entrepreneurs who did not want to get left out of what they discerned to be a booming new field queued up and took all but the Satcom channels reserved for telephone and data transmissions.

'This Was No Fluke'

"This was no fluke. It was good business that caused the companies to make long-range commitments on the satellite," said Paul Kagan, a cable industry analyst and consultant, in a telephone interview from Carmel, Calif. "Everybody who's gone on the satellite has been so successful that it was easy for the others to recognize that there's a business here."

Mr. Kagan estimates that satellite pay-cable operations alone will have grossed \$300 million among them this year with a total subscriber base of 3 million households. He expects, moreover, that the number of pay-cable subscribers will double next year.

"All the forces are in motion now for cable to grow. The new programming means that it is now economically sensible to build cable systems in all the large cities — any city," Mr. Kagan said.

Construction has already begun, or will soon begin, in such cities as Philadelphia, Pittsburgh, Hartford and San Antonio. The new system to be built in the borough of Queens will serve 700,000 households, making it the largest in the country.

Dual Subscriptions

As of last June, there were 550,000 cable-television subscribers in the New York metropolitan area, representing 40 percent of the households capable of receiving cable in Manhattan and the nearby suburbs of Long Island, Westchester County and New Jersey. Approximately 300,000 of those households also subscribed to one of the optional pay-television channels. That figure is believed to have increased by at least 10 percent since June.

Home Box Office, a subsidiary of Time Inc., has taken four transponders on Satcom I for its two pay-television networks. Its chief competitor, Viacom's Showtime, has two transponders.

Warner Communications also has two, one for its new children's network, the other presumably for a pay-television service. The Madison Square Garden network is sharing a transponder with C-SPAN, the public-affairs channel devoted to carrying the Congressional proceedings.

Two religious networks, one known as PTL and the other as Trinity Broadcasting Network, each has engaged a transponder. A third religious network, the Christian Broadcasting Network, has given up its nonprofit status and changed its name to the Continental Broadcasting Network, with aspirations of becoming the fourth commercial network.

Reuters Experimenting

Reuters is offering a news service and is understood to be experimenting with forms of "teletext," or "framegrabber," programming that would permit viewers to call up on the television screen various kinds of printed matter. U.P.I.'s "Newstime," in effect a continuing radio newscast with pictures, is being carried on the side-band of a transponder leased by Southern Satellite Systems.

A Hartford-based group has taken a transponder for a package of New England-area sports events, and a company known as Fanfare has one for regional sports and entertainment programming for the Southwest.

Also being proposed in an all-news national cable-television network to begin in 1980.

Some of the satellite transponders have been leased to carry certain existing television stations, those without network affiliations.

These local stations, desired by cable-television operators because of their exclusive sports contracts and large supplies of old movies, are becoming national stations. In the trade, they are already coming to be known as "superstations" because they and their entire day's programming can be transmitted around the country by satellite.

(more)

TV Set Views Viewer

By LES BROWN

GEORGE ORWELL'S prophecy of an advanced electronic society in 1984, in which the television set may watch as well as be watched, could be fulfilled right on schedule. In the next five or six years, a substantial part of the country may be served by a form of two-way cable television that is linked to a set of computers.

These computers, sweeping each subscribing household every six or seven seconds, can take orders for merchandise purchased during television commercials, provide burglar- and fire-alarm protection, read gas and water meters, take public-opinion polls and deliver to the television set new movies and other types of programs the viewer might choose to buy.

But desirable as these services may be — and most of them are already being offered in Columbus, Ohio, on Warner Communications' futuristic cable system known as Qube — the form of television that provides them raises some difficult questions in a free society. For the computer also records what every household is watching and buying and how each household votes in a poll.

Privacy Question Raised

To the extent that computerized television "watches" the household, even as the viewer is watching the screen, it presumably can be regarded as invading a citizen's privacy.

A political candidate could find his or her campaign devastated, for example, if computer records that fell into the hands of an opponent should reveal excessive viewing of erotic or pornographic films.

Having found no solution to the

privacy question, Gustave Hauser, president and chairman of Warner Cable and the moving force behind Qube, maintains that his company keeps the viewing records under tight security and uses them internally only for market analyses and audience-research purposes.

The Price of the Service

"People who buy the service will simply have to accept that they give up a bit of their privacy for it. Beyond that, we'll try to protect their privacy all we can."

The privacy problem, and others raised by the new communications technologies, have brought a note of caution to the plan of some Washington officials to eliminate most Federal regulation so that the new developments might compete uninhibitedly in an open market with the established commercial television system.

Charles D. Ferris, chairman of the Federal Communications Commission and an advocate, with reservations, of open competition, said that although he believed Qube added a "fascinating dimension" to television, he was uneasy about how the polling capability of the two-way system might change the political process.

Effect on Politics

"People will be giving their opinions even before they are informed on the issues, and no Senator or Congressman is going to go against what becomes publicly known about the consensus of his or her constituency," Mr. Ferris pointed out. "Can you imagine, if the whole country had Qube, how the voting would have gone on the Panama Canal treaties?"

Some in public office find it disturb-

Continued on Page C15

ing that pornography may be brought into homes on a large scale through video cassettes, video disks and the new forms of pay television that permit viewers to buy the individual programs they want.

Others fear that an open communications market in the 1980's, one that gives television equal freedom to the print media, will be a kind of electronic anarchy in which political propaganda of every sort will flow freely through the television sets.

Yet another concern is that the owners of cable-television systems will have excessive control over electronic communications in their communities. Although a system such as Qube gives the viewer the ability to "talk back" to television by pressing buttons on the console, the fact will remain that those who own the systems will control the questions asked.

Partly for this reason, Henry Geller, the new Assistant Secretary of Commerce for Telecommunications and chief adviser to the White House on communications issues, proposes that new laws be adopted to prohibit cable operators from making any programming determinations.

Mr. Geller would have cable systems operate as common carriers, like the telephone or telegraph, divorcing those who control the technology from the messages conveyed. Under this plan, the cable companies would have to lease the channels on a first-come basis to those who wish to present programs.

"I'm very strong on this issue," Mr. Geller remarked. "If we don't separate the owner from the broadcast, we will have to have regulation. When the structure is right and working for you, then you don't need the Government's involvement, and that's desirable."

Mr. Geller, who describes himself as a staunch advocate of First Amendment principles, says he is not troubled by the prospect of pornography expanding to the home market through the new media. In his view, people who would want to buy pornography should be permitted to as long as it is not forced on others.

That view is far from universal, however, and a debate is looming over how free the new media should be.

Welcome to the World of Cable Television

By Larry Kramer
Washington Post Staff Writer

Beginning in June, if you live in a certain part of Arlington, you will be able to turn on your television and see any of the following programs:

- Continual stock market quotations with added financial news.
- Twenty-four-hour audio news accompanied by newsphotos.
- Full-length, feature motion pictures—"Annie Hall," for example.
- Comparative shopping guides showing the day's prices of the same products at three dozen Arlington drugstores.
- Adult education classes at an Arlington school.
- Continuously updated satellite weather photo of the area.
- Local news from a San Francisco independent television station.
- An Atlanta Braves baseball game.
- And more, including perfect reception of all Washington and Baltimore commercial television stations and four area educational stations.

Welcome to the world of cable television, an institution that is scaring the ratings off of those in the government who worry about how to regulate this 20-year-old communications force.

The Arlington Telecommunications Corp. expects to start serving its first homes in June with a cable system that it hopes will reach about 72,000 homes in Arlington County by 1980.

There is one word to describe the state of the art in the cable television industry—confusion. One only has to read the federal cable regulations to realize just how confusing the subject has become.

Meanwhile, cable television companies are popping up around the country with the approval of local governmental bodies charged with awarding franchises. There are approximately 3,700 cable TV systems in the United States, serving 8,000 communities and 12.5 million homes.

Estimated annual revenues of the cable industry are \$900 million and profits are better than they have ever been.

By the end of this year, according to the National Cable Television Association, an estimated 14 million homes will be wired to cable—nearly one-fifth of all the homes in the U.S. with television.

A recent study by the Department of Commerce projects that cable subscribers will be added at a rate of 9 percent annually to a total of about 25 million in 1985.

With an apparent move toward deregulation in the offing from congressional staffers who are rewriting the Communications Act of 1934—which made no mention of cable—there is a chance that growth could even be faster.

Just what is cable television, and why is the government having so much trouble trying to figure out what to do with it?

Community Antenna Television (CATV), often referred to as cable television, was created in the early 1950s to bring distant television signals to isolated communities. The idea was to erect one huge antenna in an area that because of local terrain or distance from transmitters had little or no television reception, and then, for a fee, string wires from that antenna to a subscriber's home to improve reception.

But in the late 1960s, cable TV evolved into its own entertainment medium, offering not only improved reception of existing television signals, but programming from distant cities and—generally for an added charge—additional forms of entertainment. First-run movies, for example, could be run on special channels with no commercial interruption.

But as the cable industry grew into a major entertainment force, the broadcasting industry began to worry that it would have a serious effect on traditional broadcast business.

April 9, 1978

(continued)

"The Federal Communications Commission backed into regulation of cable television because of its potential negative impact on conventional broadcasting," according to a report issued in January 1976 by the House Communications Subcommittee of the Interstate and Foreign Commerce Committee.

The FCC began to regulate cable in the 1960s. "because it concluded that broadcasting, and thus the public interest, would be adversely affected by cable's unregulated growth," the report said.

In a far-reaching decision in 1972, the Supreme Court—in the case of U.S. vs. Midwest Video Corp.—ruled that cable operators must originate their own programming, affirming a rule set by the FCC. That decision also affirmed the FCC's authority to regulate cable.

In that five-to-four opinion, Chief Justice Warren Burger wrote a separate affirmative opinion. He indicated his support of the government's stand in that case, but cautioned that the FCC's action "strains the outer limits" of its jurisdiction. Burger cited "the need of a comprehensive reexamination of the statutory scheme as it relates to cable, so that the basic policies are considered by Congress and not left entirely to the commission and the courts."

Basically, the problem was that Congress had never considered the role of cable systems in the communications spectrum, because cable did not exist in 1934 when the Communications Act was written.

Since 1972, there has been little activity in cable regulation as the FCC moved on more pressing, and less confusing, issues. But the House Communications Subcommittee held hearings last year on the entire Communications Act as the basis of a complete rewrite of that legislation.

"The FCC promulgated its rules backwards," says subcommittee staffer Chip Shooshan, "protecting the major markets and not the smaller markets. We want to know just what local programming is being protected by FCC regulation restricting cable operations."

Karen Possner, another subcommittee aide who is drafting the cable section of the new act, says Congress first must decide just what cable TV is.

"What is the nature of cable television?" she asks in a subcommittee opinion paper. "Is it a distribution service, a programming service, or both? What is its relationship to other communication media that provide similar services?"

And, she asks, what degree of regulation should be imposed on cable, and by whom?

At present the FCC regulates the kinds and numbers of television signals that can be carried on a cable system. For example, the commission will not allow certain programming to be brought into an area if it is an economic threat to an existing broadcaster.

In the top 50 markets in this country, a cable television operator is limited to at most three distant signals, that is, signals from other cities. And those must be independent stations that do not threaten the economic base of local network affiliates. But if there already is at least one local independent station, the cable license limit is cut to two signals.

In the next 50 markets, there are a maximum of two outside stations allowed. In all but the top 100 markets, only one outside signal is allowed, presumably because a larger number of stations would have a drastic effect on the existing one or two on-the-air stations in that market. Cable systems presumably do not pose an economic threat in a large market with many stations.

From that point on, the regulation is basically unintelligible.

Cable television poses other difficult questions.

One issue is royalties. How much should be paid for programming relayed over cable systems?

Right now, for example, an Atlanta station that will be viewed in Arlington via cable—WTCG, Channel 17—receives no money for its programming. Instead, an independent common carrier pulls in WTCG's signal from microwave transmissions and relays it by satellite to an estimated 170 cable systems around the country. The common carrier—Southern Satellite Systems—receives whatever royalties are paid by the cable systems using the channel.

The motion picture industry claims it is not being paid nearly enough for selling its movies to common carriers for resale to cable.

Motion Picture Association President Jack Valente recently complained to the Justice Department that Home Box Office, which is owned by Time Inc., had an unfair grip on the pay-TV business—that part of the cable industry which sells motion pictures to individual cable firms. HBO controls about 20 percent of the market.

At least one of HBO's competitors is owned by member film companies of the MPA, but Valente still complained that HBO was able to pay just about what it wanted to for films.

Since "80 percent of the people going to the movies are under 30," according to Henry Geller, head of the Office of Telecommunications (which has just moved from the White House into the Commerce Department), then cable is one of the most attractive growth areas—if not the only growth area—open to the movie industry. "Filmmakers love it," Geller adds.

Arlington Telecommunications Corp. (Artec) is bringing cable television to the Washington area for the first time. Artec offers 36 channels of programming, including 23 that are exclusive to its system. By nature it is more of an entertainment medium than anything else, the 24-hour news service is little more than all-news-radio accompanied by still photos.

To reach its estimated audience of 72,000 homes, Artec is running 360 miles of cable on existing Virginia Electric Power Co. power poles (for a fee of \$4 a pole a year) and into apartment houses and private homes throughout Arlington. For obvious reasons, Artec will be available in the more densely populated sections of Arlington first.

Artec charges a one-time installation fee of \$25 for each television set attached to its system. After that, subscribers will be charged \$7.95 a month (for one set—each additional set is an extra \$2 a month) for a basic service, which promises perfect reception of all local and Baltimore stations, automated news, weather and feature channels, and two out-of-town independent stations (from Atlanta and either San Francisco or Chicago.)

For a total of \$16.00 a month, however, the premium programming package is included. That premium programming is independently fed to Artec by Home Box Office. It includes such fringes as first-run movies, and most of the other features listed at the beginning of this article.

That Artec has been able to get off the ground at all is a tribute to the improved economics in the cable industry, which many bankers looked upon as a high-risk venture only five years ago. Artec is being financed by \$2 million in venture capital from Business Development Services Inc. of Connecticut, a division of General Electric, and a \$4.7 million line of credit from the American Security Bank here.

The cable television business is not a guaranteed gold mine. Already there have been failures and bankruptcies, although most can be traced to inadequate funding or mismanagement rather than difficulties in selling the system. The cable business is extremely capital intensive, requiring huge capital outlays initially to install the costly coaxial cable which must be in place before the first subscribers are signed up.

According to Artec President John Evans, "For every \$1 we take in, we spend \$3.10 on our capital plant. That compares to \$2.25 spent for plant by the telephone company and about \$1 by the broadcasting industry."

To be sure, the future of cable is bright. There are entire areas of potential revenue that only now are being cultivated. Both WTCG in Atlanta and WGN in Chicago, independent stations that are fed to many cable systems around the country, are exploring the possibility of selling advertising time based on the number of cable homes they reach—which would be the first time any on-the-air station made money off of cable.

"I believe when the numbers get big enough, when we reach 25 million homes on cable for instance, that we will attract advertisers and somebody will build a network to service cable systems," says Don Anderson, vice president for cable relations for Turner Communications Corp., owner of the Atlanta station.

That station has become sort of a mainstay in the south. The closest independent stations to Atlanta are in New Orleans and St. Petersburg, Fla. There are none in Mississippi, Alabama, Arkansas and South Carolina. So WTCG has become a force in those southern states which get it by cable. It is a heavily sports-oriented channel, carrying all the games of the professional baseball, basketball and hockey teams in Atlanta as well as the exhibition games of the city's football team. Ted Turner, who owns the basketball Hawks, baseball Braves and hockey Flames, also owns the television station.

In addition, WTCG is a 24-hour station, bringing all-night television to

many markets for the first time.

One experiment being watched by everyone involved in the cable business is QUBE, a Columbus, Ohio, cable system owned by Warner Communications Inc.

Warner has spent an estimated \$12 million starting up QUBE, which is a 2-way system that charges customers on a per-show basis. In other words, you watch what you pay for. Viewers use a selector to pick the programs they want from a program guide. A Frank Sinatra concert tape costs \$2, while movie prices range from \$1 for classics, like the Marx Brothers, to \$3.50 for recent releases, like "Network" or "Rocky." A high school football game might cost about \$2.50.

"Warner is betting millions that the public will spend a significant part of their entertainment dollar on this," Geller says.

In fact, according to the most recent issue of TV Digest, a trade publication, Warner can't even predict when QUBE will break even.

"We had start up costs last year, and we had them in 1975 and 1976. We're doing something that's never been done before, so there's no way to predict," said Warner Cable Chairman Gustave Hauser in TV Digest. QUBE's pre-tax losses for 1977 were \$7.8 million.

Cable's attractiveness is evidenced by the fact that most cable firms are owned by other communications firms—interests that are acutely aware of its eventual marketability.

A third of the existing cable companies are owned by broadcasters, newspapers own about 13 percent of the systems, and other publishers own another 13.2 percent.

Down the road is the possibility of attaching home fire or burglar alarm to the system. Since Artec is wiring its entire system with what could be used as a two-way cable, at some future date a cable viewer may be able to press a button at home and set off a fire alarm at a central station.

How about a dating service, Artec president Evans is asked? A photo could appear on the screen with a phone number below.

"If it makes economic sense, we'll look at it," Evans says.

Douglas Davis



Let's Hear It for the Cable

Only the blind and halt of mind can doubt any longer the coming power of cable television. Held back by recession and politics, cable is finally breaking through in city after city, in market after market, and in courtroom after courtroom. I speak out not simply to announce this fact but to argue that cable television is a cause deserving our keen support and critical attention. In the right hands, CATV can be a liberating technology that will restore diversity and competition to our increasingly monolithic communications system—and thus invigorate our culture as dramatically as the printing press transformed the Middle Ages. In the wrong hands, cable can vulgarize us beyond the dreams of avarice and become nothing more than a door-to-door electronic salesman.

That the issue is about to be decided once and for all is a fateful matter known only to a few visionaries, specialists and corporations. There are two active Congressional subcommittees now engaged in thinking it through. One of them, serving under Rep. Lionel Van Deerlin of California in the House, hopes to draft a new communication's act for debate and voting in 1979. The subcommittee has already published extraordinary proposals to "free" CATV from the clumsy restrictions placed on its growth by the Federal Communications Commission.

But beyond these proposals—indeed, what generates them—is the potential of cable itself. Unlike over-the-air broadcasting, which passes through a narrow electromagnetic spectrum, the CATV signal darts from sender to home within an underground wired circuit, among other means. This not only improves the picture (CATV began as a service to distant rural communities), it vastly increases the number of possible channels—from the present handful to hundreds. The cultural difference cannot be underestimated: it is like the difference between a society dependent upon one printing press and a society blessed with many.

EXPANSION AND OBSOLESCENCE

From its microscopic beginnings in the 1950s, cable systems have spread to many American cities, attracting more and more subscribers (who pay between \$5 and \$10 per month) as the economy has expanded. More than 13 million American homes are now wired for cable—almost one out of every five served

by television. And the courts have begun to free CATV to do what was lately forbidden: bid against the entrenched networks for first-run movies and major sports events for use on "pay TV" channels. The Arthur D. Little company predicts that CATV and video cassettes will jointly render movie theaters "obsolete" by 1985.

But the serious case for cable television does not rest on its appeal as a marketable product or its growing readiness to compete with commercial television at its own game. Indeed, I would argue that this is precisely the danger we must guard against. It is cable's inherent ability to deliver an entirely different kind of television—at once more intelligent, democratic and humane—that makes the cause worth our time and effort. To date, nearly all the writing about cable has doted on its mercenary possibilities and not on its incredible capacity to convert a bland, stiff medium into an instrument of individual choice and action.

A DIFFERENT APPROACH

For in its abundance of free time and channels, cable television encourages a radically different approach to the nature of the viewer and of the programmer. Instead of a faceless, dehumanized "mass" audience, numbering in the tens of millions by necessity for a particular program, the audience for a given CATV channel can be at once smaller and more definite in its personality. He who telecasts in this context can logically hope to justify his efforts by reaching a community of interest approaching his own, unlike the network executive who ignores his own taste as a matter of course. The relationship between sender and receiver becomes closer, more symbiotic, less detached and professional. Where hundreds of channels are available, scientists can create programs for scientists, poets for poets, women's groups for women's groups, socialists for socialists, conservatives for conservatives. Instead of the relentless, desperate search by the producer for the lowest common denominator, cable encourages another kind of search, closer to the kinship that exists in a conversation between friends, or between essayist and reader.

There is yet more. In some cities and counties across the nation—backed up by one enlightened FCC regulation

—local governments have demanded that the holders of CATV franchises establish channels of "public access" on which any citizen may telecast free of charge.

In some cases, studio facilities are provided at bargain-basement rates. In practice, public access has varied widely in product and use. At their best, these channels pulse with a cultural pluralism that is natural to the print media and foreign to television as we have known it. In Manhattan, public access has slowly become an active medium for the entire visual-arts community, as well as for ministers, masseurs, taxi drivers, animal lovers and politicians.

It is cable's ability to process cultural pluralism and respond to personal needs that makes it unique—and thus a threat to vested media theories. For we have been taught by both the friends and foes of television that the medium is designed for mass reception only. Marshall McLuhan and his acolytes have convinced generations of intellectuals that TV's destiny is to fashion a homogenized "global village" of nonverbal morons. The legacy of McLuhan's theories is our indifference to the coming of cable and our insensitivity to its implications.

THE MEANS TO CHANGE

I have no doubt that we will yet use cable effectively to buy and sell goods. But the real challenge to us is deeper. We now have in our hands the means to change irrevocably the mind-numbing course of television, as we write a new communications act. We can insist that the owners and operators of CATV systems across the country keep channels open to the public and to specialized audiences, both high and low. We can discard the primitive notion of an electronic global village for a more pluralistic, individuated model. At a time when newspaper outlets are shrinking and book publishers forming conglomerates, these are not only necessary steps. They may be the last chance to insure—on our main channels of communication—diversity of thought and of action.

Douglas Davis, a NEWSWEEK general editor, is the author of "Articulture: Essays on the Post-Modern."

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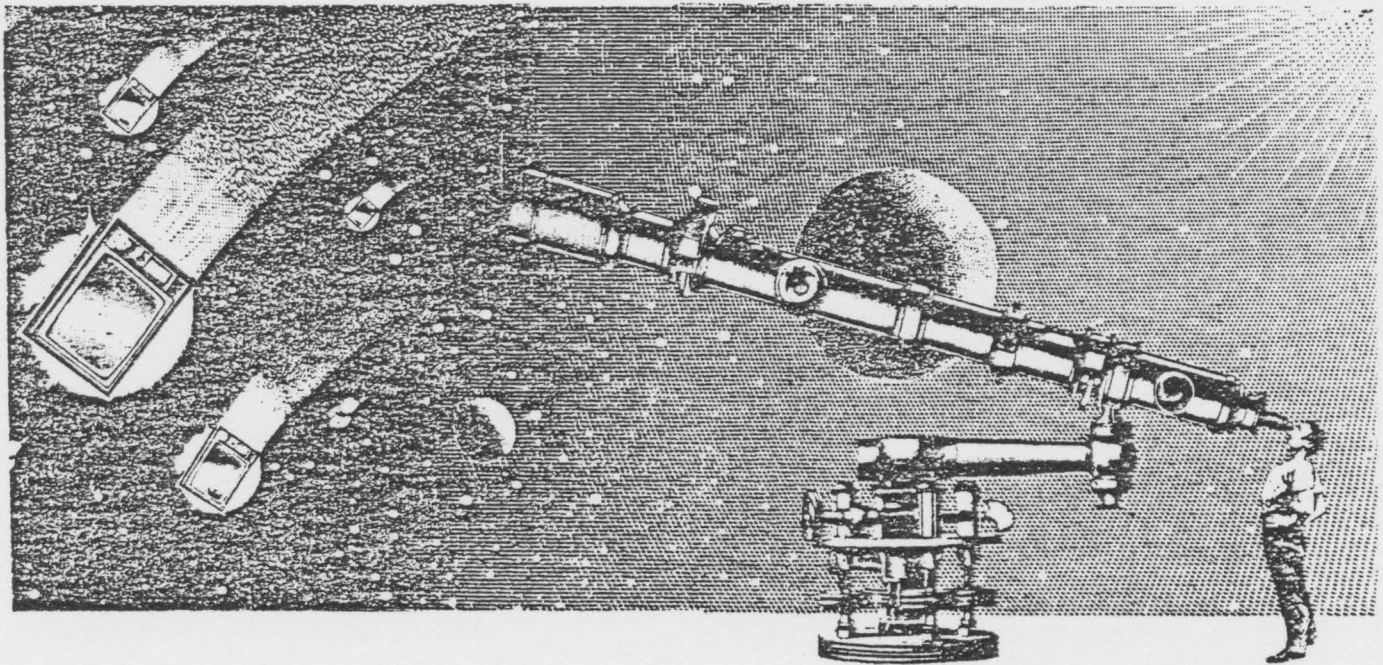


National
Cable Television
Association

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Television in the '80s



'We asked 10 very informed sources to speculate on the future of television. Some responded verbally; others wrote responses in conjectural, satirical or, in one case, pontifical terms. If you put them all together, you get some idea of what lurks ahead.'

By Tom Shales

TELEVISION will be born again.

TV in the '70s has just about had it. Except for Fred Silverman's bid to pull NBC's fat out of the furnace, nothing much will happen now. In fact, for its first three decades, television has remained basically the same, except for such cosmetic transitions as going from black-and-white to color and from a live entertainment and information source to a font of filmed and taped packages.

Now, however, a vast matrix of incipient technologies promises not just a few new wrinkles in television but the possibility it will become a whole new medium.

The Hope of All Humanity!—again.

We asked 10 very informed sources to speculate on what TV in the '80s will be like. Some—like White House media adviser Barry Jagoda, broadcast historian Eric Barnouw and former NBC president Pat Weaver—responded verbally; others wrote responses in conjectural, satirical or, in one case, pontifical terms.

If you put them all together, you get some idea of what lurks ahead.

America has always been in love with the future. The national mood toward television as it is may be one of resigned disenchantment, at best, but the prospects for what is still to come are potentially exhilarating.

Multiple-screen homes will be the rule, not the exception, in the oncoming media renaissance. It will involve such earthly wonders as cable television, pay cable channels, two-way cable channels, fiber optics (a kind of super-cable), station interconnections via satellite, direct satellite-to-home transmission, over-the-air subscription ("pay") television, video cassette players and recorders, video disc players, giant-screen receivers, and so on.

What all this means, basically, is that the number of program sources will greatly multiply and so will the uses to which the television screen is put. We will look at



television in a new way, as not only a source of news and diversion, but as an aid in learning, shopping, banking, and citizenship.

Through television, we may be able to attend meetings of the board of education, the city council, the state legislature, Congress or the United Nations General Assembly.

But dabbling in possibilities is really too easy, and it can raise silly hopes. By now, according to the futurephiles of the past, we were already supposed to be a "wired nation" (through cable) and TV sets were supposed to be

flat giant murals. What really happens will depend on the health of the economy and the degree to which the broadcasting industry allows change to occur. Right now Congress is waiting to see what the industry will permit in the rewrite of the 1934 Communications Act.

Even the forecasts of the decidedly pragmatic sound promising, however. William J. Donnelly, vice president for new electronic media at the Young and Rubicam ad agency, wrote a prospectus on TV's '80s called "The Emerging Video Environment" and among his predictions is that cable TV

will reach a 30 percent penetration of American television homes by 1981. Donnelly considers 30 percent the magic snowball number (as it was with TV and then color TV), the point at which a new medium truly makes a national impact.

There are 12 million cable subscribers in the U.S.; Donnelly predicts between 20 and 26 million by the end of 1981. He also thinks there will be 1 million video cassette units at work in American homes the same year, and 1,000 satellite earth stations for video signals. Satellites are important to the future of television because they provide transmission of signals at a much lower cost than the current telephone long-line method. By satellite, Donnelly writes, "it costs the same to send a signal from New York to Philadelphia as it does from New York to Los Angeles," and it's cheap.

What largely hampers television now is the sophisticated mob rule of ratings and the desirability of drawing as many hundreds of millions of people as possible so as to sell those millions to advertisers at a low cost-per-thousand rate. What cable and satellite interconnection of cable systems promises is at long last liberation from this

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More Inside . . .

views on the future of TV
from White House media adviser Barry Jagoda, Peggy Charren of Action for Children's Television, media consultant Tony Schwartz, Michael Shamburg and Allen Rucker of TTV and Robert L. Schmidt of the National Cable Television Association.

"Television in the 80's"
The Washington Post
June 18, 1978
Tom Shales, p. 2



mentality. Television will be able to serve a galaxy of minority interests.

What will happen to plain old, dull old, Tee Vee? Donnelly thinks it will hardly disappear: "We believe that there will always be advertiser-supported television designed to reach large market segments and significant blocks of consumers."

If anything, the increased competition should make commercial and public television better. And yet the broadcasting industry can be counted on to stubbornly discourage advances. "We should be extremely wary of dismantling or curtailing a system that functions as well as our present one before we have a very clear idea of the social, political economic and human consequences of whatever we choose to replace it," bleats Leonard H. Goldenson, board chairman of ABC.

What broadcasters will try to make the public believe is that cable or pay TV will of necessity "replace" free TV—which is not true—and that people will have to pay for what they now see free. Of course, anybody who'd pay to see "The Love Boat" deserves it.

Meanwhile, NBC's corporate planning department has taken a non-hysterical look at TV's future in an in-house report called "Broadcasting: The Next 10 Years." Among its predictions:

- By 1985, when the U.S. population has reached 234 million and the median age advanced from the present 28.8 to 31.1, television advertising revenues will reach \$14.1 billion a year.

- Advances in "microprocessors" (tiny transmission units) and mini-cams will make possible not only expanded live news coverage from remote locations, but also "instant commercials" with which local stations will lure still more advertising money away from print media.

- "Fully half" of the entertainment programming in prime time of the '80s will consist of "long-form programs, mini-series, special events and specials" and "the notion of broadcast seasons will have faded away," with new programs introduced year-round.

There is naturally a dark side to the millennium. The expansion of choices offered by cable TV may just turn out to mean a multiplicity of mediocrities; we may have all-news and all-sports TV stations as there are now such radio stations, and cable channels may end up representing various commercial formats rather than public interests.

Beyond that, there is the fact that more, not less, of our daily lives will in some way involve the television screen. We will be surrendering more waking hours to its vicarious experience and giving a machine greater control over our perceptions of one another and of the world. Technicians will be the new aristocracy of this mega-media age that could see the triumph of form over content.

One can anticipate problems and still be excited by prospects. The first house on the block to be hooked up to cable and whatever refinements and attachments come with it will be like the first house on the block to get a TV set in the late '40s and early '50s. There will be an ominous alien presence in the living room again. It will be something new and, in time, something new to kick around.

Television is dead.

Long live whatever comes next.



Robert Schmidt

*President of the
National Cable
Television Association*

People involved in cable television are understandably gun-shy when they are asked to predict the future. We have been accused of "blue-skying" in the 1960s when we painted rosy pictures of the cornucopia of services cable would soon bring to urban areas.

A federal freeze on cable in major cities and a nationwide credit crunch have delayed those developments for 10 years. Cable TV is only now beginning to penetrate the nation's major television markets.

Despite the constantly shifting regulatory currents and financial squeezes, experimentation and innovation have continued in the 9,400 communities cable TV serves today. The cable systems of the 1980s will choose from a catalogue of the services being designed and tested now, and a careful look at the uses communities are making of cable tells a great deal about the future of the industry.

Two basic facts about cable television make it unique among communications media and will determine its shape in the 1980s.

First, cable TV's ever-growing channel capacity expands services far beyond the limits of over-the-air broadcasting. In most cities, the usable air waves are already full, carrying five to seven broadcast stations; today's urban cable systems can offer 36 channels of entertainment and other services. With such capacity, cable television can provide not only more programming, but entertainment and services targeted to special audiences as well.

Second, cable TV is directly responsible to the needs of the individual communities it serves. Cable systems operate under franchise from local governments and are directly dependent on local subscribers for their revenues. So communities have an opportunity to shape local cable television service from the very beginning, to influence programming on a continuing basis, and to develop original uses for the medium.

Four thousand cable systems now serve American communities. The programming and services they offer—and are developing—are as varied as the communities themselves. Local educational institutions from North Adams (Mass.) Community College to the University of Pennsylvania offer classes to audit or for credit to nearby communities;

"Television in the 80's"
The Washington Post
June 18, 1978

local governments from Livingston, N.J., to San Jose, Calif., program information channels with city council agendas and meetings; a channel in Findlay, Ohio, offers high school students the opportunity to produce their own programming about events at their school.

Senior citizens in San Diego can find information on local social services and advice on how to use them on a special cable channel; six local governments in Ohio share a computer tie-in through their cable systems—a service only one would be able to afford without cable TV. "Shalom Corner," a New York cable series, offers nursery-age Jewish children Yiddish songs, Bible stories, and a general cultural background, as well as programs dealing with food, health and personal habits.

Nearly 900 newer cable systems have the capacity for two-way television communication, and experiments with two-way service are underway around the country. The most ambitious is the Warner QUBE system in Columbus, Ohio, where subscribers can talk back to their television, expressing their opinions on various issues and seeing their community's votes tabulated immediately on the screen. In Reading, Pa., TV studios in senior citizen centers, public schools and government offices permit a regularly scheduled split-screen dialogue among the senior citizens, the mayor, and high school students. In Dayton, Ohio, a new system is using its two-way capacity to provide subscribers with burglar and fire alarm service.

Cable television is not a monolith. If the industry is allowed to compete freely and is now swallowed by one of the massive communications monopolies, there will be no simple nationwide formula for the cable TV services available to consumers in the 1980s. That's as it should be. The public, through a free, fair and competitive marketplace, should determine the shape of local community communications services. If they are allowed to, without government interference, cable television's only limits will be the limits of man's imagination.

"Television in the 80's"
The Washington Post
June 18, 1978



Eric Barnouw

Broadcast historian, professor of communications and author of "The Sponsor: Notes on a Modern Potentate"

"There's a consortium of government agencies discussing what kind of television system the American people will have and should have, so they can coordinate their plans, and what they see is that a lot of message movement will replace people movement.

"In other words, people won't have to go to the office every day because they'll be able to have a face-to-face conference through the television system—the home and the office on split-screen so people can see each other. Instead of going places, you're going to have these 'meetings.'

"The post office is counting on the notion that a lot of electronic message movement will replace pieces of paper going back and forth. The banking business is assuming that a lot of stuff will be handled not by the flow of paper but by the flow of credit messages through television.

"I think in the 1980s, we'll have a combination of the home screen, plus computer printout, all connected by optical fiber. This will mean that you will shop by television, take exams by television—there's no reason why you can't answer questions with push buttons—and so on. All these things have been predicted and they're possible, and I think they'll probably happen. You'll get your income tax forms that way, through the television system. And so on.

Television plays an increasingly important role in expanding the horizons of human information.

In the 1970s, we have seen the success of dynamic new informational concepts, most notably, "60 Minutes." In the 1980s, I believe we will see further growth in the techniques and formats of factual television. The immediacy and scope of television will continue to grow.

In the age of television, the lively arts have flowered as never before. The television of the 1980s, I believe, will bring the greatest collection of entertainment talents and arts ever available to the public.

"Now all these things are things that I see developing enormous psychological problems. Because all these devices are designed by people who love gadgets and who don't like people very much. The upshot of it all is that people should stay home, in front of the screen, and not clog the highways by traveling and not complicate commuter problems by going to the office, and so on.

"There will be special channels for this and special channels for that and I've wondered, will there be a special channel for 'Approved Revolutionary Activity?' I am reminded of a college presi-

dent who was saying to the student body, 'We recognize your right to dissent, and we will issue you a list of approved topics.' When you've got the whole nation wired up through optical fiber like that, with special channels for various purposes, there'll be one channel that's a kind of Hyde Park corner. That's the way I visualize it.

"Will there be more dependence on television? I don't see any escape from it. Movies will survive, I think, because teen-agers will still have to get out of the house. I think the meeting hall will survive for various purposes, including movies."



William S. Paley

Chairman of the board of CBS, Inc.



Reuven Frank

Former president of NBC News, now executive producer of NBC's "Weekend"

It is the last week of March, 1988. Walter Cronkite has finally resisted all executive importunings that he renew his contract once more and announced that, Claude Pepper or no Claude Pepper, he will on Nov. 4—his 72nd birthday—retire to spend his time disco dancing and sailing his boat, the boat Eric Sevareid once told him should be called "Special Assignment" because that is where he was when the announcer said he was on special assignment.

It does not promise to be as busy a summer as most. The quadrennial national political conventions have not been covered in full—"gavel-to-gavel" was the "23 Skidoo" of its time—since 1980, when NBC went ABC one better and summarized each evening in 90 minutes of edited tape, displacing Johnny Carson's guest host, and CBS played its summaries opposite "Disneyland" repeats. This year coverage will be limited to radio news-on-the-hour and a 15-second mention by Barbara Walters in the "Briefly" section of NBC Nightly News.

(Barbara returned to NBC in 1985. NBC rented Westminster Abbey for the requisite press conference. The most cogent questions were asked by the reigning Welsh monarch, Charles III, in on a press card from his undergraduate days, who wanted to know why American television had ignored the plebiscites which had declared England and Scotland republics. She answered that the American audience was tired of all this foreign news, but promised to take it up with NBC

"Television in the 80's"
The Washington Post
June 18, 1978

News executives when she got back to network headquarters in Houston.)

There is to be no television coverage of the Olympics this year. The Shah announced that because the Saudis would not let the price of oil go beyond \$280 a barrel, he would insist on a \$3 billion minimum for the rights to coverage in Teheran. In the event, the bidding went just beyond \$4 billion and the winner was The New York Times, whose 'Us' magazine has just launched a video cassette division. Since The Times's cash position was still short of the amount it bid, the newspaper itself was made part of the payment, leaving the corporation with only its book, magazine and broadcasting divisions. Negotiations had stalled for a while over the Shah's insistence that The Times's slogan be included in the arrangement and the newspaper's refusal to comply. "There are certain things we just will not do," a Times executive explained.

But since that obstacle was cleared last Christmas, television executives have been contemplating a summer without live coverage. Despite the salubrious effect this is projected to have on the various bottom lines, a certain malaise is manifest among network employees. Technical departments have been particularly anxious to try out some new equipment, and press agents have been enthusiastically coining words and phrases to describe it "so the average Joe can understand."

For several weeks now, the lassitude has been least at CBS. There are rumors that, on the very highest levels of the network, a plan is hatching, and some of the lower vice presidents whisper that they have heard from their secretaries who have heard from other secretaries that live equipment is being ordered in unusually large amounts—electronic cameras so small each can fit on a reporter's head like a beanie, thus letting him roam alone without his rabble of technicians; a mobile unit which can fit into a Volkswagen; tape machines which can be edited by thought waves; and the like. As usual, CBS is ordering its microwave dishes from Wedgewood.

The story, which has been rather closely held, will be announced next week. And it will be interesting to see how many will recognize it for the sad story it is. An exercise in nostalgia, really—a reaching for the vanished past, for glory days that by definition can never return.

CBS wants to resurrect the national nominating convention—the grinding

routine of the primaries with different rules in every state, which reporters explain endlessly while waiting for returns worth reporting; the nominating speeches and the noisy floor demonstrations and the philosophic musings about how all this looks to foreigners; the backstage maneuverings and the Four Horsemen among the delegates on the apocalyptic convention floor; the anchor booths; the instant ratings; the convention managers feeding out celebrities to be interviewed; the candidates' wives....

With no foreseeable interest in the nomination of candidates for president, the intent was to find an analogous event which would engage the entire country—"something that really mattered to people." Sports was out, because it already occupies half the network schedule, most of it staged in specially designed television studios. Perhaps a really crucial movie role, like who would play John F. Kennedy in the forthcoming epic biography of Jim Garrison? That suggestion was rejected as too susceptible to planted plugs, a particular corporate sensitivity, but it set patterns of thought in motion, and there were several long, unstructured buzz sessions which were closed to all but a few highly placed participants, a buzz-session consultant, and secretaries bringing sandwiches.

What emerged, and what will be announced next week, is a national nominating convention for the successor to Walter Cronkite. Although there was no doubt that here at last was something of genuinely universal interest, the announcement has been held up this long until some difficult questions are answered and problems solved.

First, it has been difficult to get candidates of some general recognition to stand for the job. Bill Moyers was tempted but decided that he was too old; Peter Jennings, that he was too bald. Also, the real possibility had to be considered that ABC Sports would take over the form and discard the content, or that Dean Martin might use it to replace the Roast (the latter was dismissed as a concern when an NBC salesman was heard at the '21' bar to say that the Dean Martin Roast had 10 good years left in it).

But the big question was whether the public would expect Cronkite's chosen successor, whoever he (or perhaps she) might be, to be considered immovably safe in office for four years until another national nominating convention might be held, regardless of ratings. This question was not resolved, but the decision was made to go ahead because those present at the meeting are sure they will not be around in four years, so let those other fellows worry.



Sylvester L. Weaver

President of NBC in the early '50s, inventor of the "Today" and "Tonight" shows who later pioneered an abortive experiment in subscription (pay) television

"As far as the public goes, it is very easy for them to understand the difference between commercial television and the use of electronic media to let them attend anything they want anywhere in the world at the push of a button and the speed of light. That's really been the essential promise of the medium from the beginning. And it's what's coming in the '80s. It should have been here in the '60s, but it's coming in the '80s. . . .

"Microfibrotics (fiber optics) are going to give us 50-channel services on cable. The 84 channels in your set will probably be hot in due time from over-the-air, delivery-direct (satellite-to-home) transmission, but that probably won't come even in the '80s, because you can imagine what's going to happen when they try to take the main powers of television stations, with all their financial value, and just obsolete them by having direct transmission to the home for all 84 channels.

"This undoubtedly could be done by 1985. It could be done now if they started working on it, but they won't because Congress—well, you take all the lawyers in Congress who still have a piece of the home firm whose major clients are in broadcasting and theater and communications generally, and it's a straight block, that's all. . . .

"I have a plan that's quite simple. It is currently possible to put over the air a service that would include seven nights a week in prime time, a scrambled signal

that would be unscrambled by a little unit that the subscriber himself would attach to his television set. You could put out a service that could have brand new movies one night—good ones—and run-of-the-mill movies another night, and go back to live drama as just a habit on another night, and a night at the theater where you actually go to Broadway or the West End. And in prime time you could cover ballet, opera, the motion picture field, the nonfiction field—you would in effect attend great events in a wide range of attractions, and everybody would pay a flat rate—five, six, seven dollars a month.

"All the research—all the research—shows that there is a base of not less than 25 percent of all television homes that would purchase this kind of service, and with interconnection by satellite you could line up 100 stations easily to carry it. . . .

"I do think we will have a major breakthrough where the subscriber service (pay TV) complements the commercial service and indeed replaces a lot of it in

time. Once people realize they don't have to just sit there at the boob-tube and look at all that crap, they are going to start being more selective. . . .

"And the tendency in the coming years will be what's always been evident to futurology types like me—where the television service will offer the true experiencing of events elsewhere from home, through a combination of technological developments we've actually had for many years. The cable is a major one, the cartridge (cassette) is another major one, and the actual over-the-air service, scrambled for the subscriber part and clear for the commercial part and the public part. All these things will happen in confluence.

"And the budget of the average family will change. 'The New Car' will be a joke. No one will care about transportation. They will think about what they've got at home in the media center—what's going to happen tonight, and what the Event of the Month's going to be this month. They'll give David Merrick \$25 million to produce one show live one night, for four hours, and then it's over, and the next night it's something else. There'll be that kind of major moving up on the scale."

Peggy Charen

President and
co-founder of
Action for Chil-
dren's Televi-
sion



It is 1984. America's children are currently spending over one-third of their waking hours watching television, and television is bigger, though perhaps not better, than ever. Almost 25 percent of American families now own the new 'wall-to-wall' TV screens equipped with improved quadraphonic sound.

Network programming for children, as broadcasting tradition dictates, is scheduled primarily on Saturday morning. And as broadcasting tradition dictates, programming for children is animated, but not artistic, and humorous, but not humane. Independent TV stations rely, as they have in the past, on recycled syndicated series to fill the hours between 3 p.m. and 6 p.m. when a large portion of the viewing audience is composed of the 2-to-11-year-old market. Current popular after-school series include "Roller Girls," "Charlie's Angels," "Baby, I'm Back" and "Laverne and Shirley."

Advertisers currently spend almost \$1 billion annually to purchase commercial time during these programs, time used to turn children into the nation's only unpaid sales force, for sugared cereals, candy and toys. Perennial bestsellers in the ready-to-eat cereal market, such as Cookie Crisps and Count Chocula, have been challenged by new lines of coffee and tobacco flavored cereals. According

to many manufacturers, the new vitamin-fortified breakfast candies are considered the real 'comers' in child-oriented food products.

Children in some areas of the country can, of course, see TV programs without commercials on public television. In general, however, reception of PBS stations remains poor, especially in Washington D.C. and other rural parts of the country.

Moreover, new production of children's programs on PBS has been curtailed due to budget cutbacks. Congress has again promised to look into ways of alleviating both technological and monetary problems besieging the PBS system.

Since the passage of the new Communications Act of 1979 has done away with requirements to serve the public interest, the broadcast reform movement has disappeared.

Television in 1984. That's the way it is. That's the way it has been. And that's the way it will be, unless we act in 1978....

...unless Congress allows the Federal Trade Commission to pursue its inquiry into TV advertising directed to children.

...unless the Federal Communications Commission establishes effective guidelines mandating that stations serve the child audience.

...unless license renewal for local stations becomes a meaningful process, rather than a rubber stamp.

...unless the FCC clears the way for the development of cable, satellite and other alternate technologies.

...unless public broadcasting can be assured of long-term funding and reasonable signal strength.

...unless equal employment practices and diversification of broadcast ownership become realities.

...and unless parents become involved in their kid's TV viewing experience.

Barry Jagoda

Special Assistant to the President for Media and Public Affairs



"I think television in the '80s will be marked by what's called 'narrowcasting'—quality television for small audiences of hundreds of thousands instead of millions and millions. So instead of having to appeal to our lowest common denominator instincts, television will be able to appeal to the genuine interests of diverse audiences. Then you'll have channels for jazz, for cooking, for understanding the performing arts, and so on.

"I think that people in television will begin to think more like magazine editors think, aiming at narrow audiences rather than broader audiences. That's why I use the term 'narrowcasting' instead of 'broadcasting.'

"The problems of distribution are great, and I think it's too early to say how it'll all look. But I do believe that programming will be based on an approach toward specific interests instead of on assembling people in front of TV sets for advertising reasons. TV will get more interesting and more compelling. The reason people will watch these programs is because they're genuinely interested in them, which will be a big change. That will be the real change in the 1980s; people will start watching television programs because they're interested in them, not just choosing the least offensive one on the air at any given hour.

"I don't have the answers to some of the hard practical questions that will inevitably come up; there should be people spending all their time working on just these questions. Because I think it's going to change our whole way of life.

"Up to now, broadcasters have always thought in terms of mass numbers because they were selling a low cost-per-thousand. Magazine publishers don't think that way. They're interested in specific demographics. They know that if they print articles on certain subjects, they will draw an audience—Popular Mechanics, Commentary, Esquire, or whatever.

"Up to now it's all been advertising, with program content in between for good measure. There's no problem with advertising as such, as long as it's not the whole name of the game.

"I am optimistic about this. I just think there is so much potential software, so much potential programming. Broadcasters are all up in arms about programming because they don't think there's enough of it. And I think that's probably correct. There isn't enough programming to be a box office hit on mass American television night after night after night. That's too much. Or too little."

"Television in the 80's"
The Washington Post
June 18, 1978

Tony Schwartz

Media consultant and author of "The Responsive Chord"



You ask what's ahead for television in the '80s.

In my experience, very few "what's ahead" predictions stand up to the test of time. I find it more productive to use 20-20 hindsight and examine what we are not doing today that is now possible. On my list are the following:

- The development of the television sound component to a quality and size equal to home FM radio equipment.

- A reevaluation of the visual element in television to properly relate to the increased use of large screens today.

- Exploration of the possibilities of "narrowcasting," or television communication directed at various special interest groups such as doctors, police, the elderly, youth, mountain climbers—any cohesive group. Cable is creating many new channels that make possible this concept of "narrowcasting."

- The use of Polaroid stills and audio tape recorders in news and special feature programs to enable an individual reporter to dig deeper into his story without the bother of a "corporate" crew.

- The greater use of replay at various speeds covering longer periods of time in programs other than sports, such as news and documentaries.

- The use of television in combination with radio and the telephone in education, research, advertising, politics, and so on.

Perhaps in the 1980s we will do some of the things we can do today.



**Michael Shamberg
Allen Rucker**

TV producers, founding members of the independent video group TVTV in Los Angeles, and currently branching into film production



"Three hundred dollars!" Bob Bendix said to his wife, Betty. "How did we run up a \$300 cable-TV bill last month?"

"Calm down, dear," she replied. "It's mainly because you got drunk over the holiday weekend and insisted on watching all 10 NFL replays at \$5 apiece, in addition to the free game-of-the-week on network TV. Then you fell asleep during 'Deep Throat' and it ran seven times. That was another \$21."

"Let me see that," Bob said, grabbing the itemized computer card which he always confused with the phone bill. "What about this, huh? Don't tell me I watched the 'Star Wars' festival, parts One through Four, at \$40!"

"That's because the kids watched it three times. Besides, you made a deal. 'Star Wars' instead of that videocassette series they wanted: '25 Years of Rock and Roll' in 25 volumes."

"They've already got hundreds of cassettes they've only watched once!" Bob screamed.

"Yes, but their Betamax is broken." Betty reminded him, "and they couldn't use mine because I just got my new 'Tape of the Month Club' selection, 'Me, Myself and I—How to Triple Your Self-Potential.'"

"Couldn't you wait until that came out in 'Paperback Television?'"

"You mean those cheap video discs? Our Discovision system is always broken. Last week side one of 'Jaws 2' spun off the turntable and almost decapitated the record on videodiscs like you can on the Betamax. And even though the programs are cheaper, all they have is old movies."

"That does it," Bob declared. "This month we're going to just watch free TV.

Hand me that TV Guide."

Betty picked up what looked like a small phone book. With all the cable channels, plus super-stations brought in from all over the country, not to mention free TV, TV Guide was an inch thick.

Bob flipped through the pages. "Now let's see. Maybe one of those new sitcoms shot entirely on-location using micro-cams. Here, how about 'RecVee'? Tonight's episode: Archie and Edith are arrested at the Mexican border when a statue they bought turns out to be filled with marijuana."

"I'd rather watch 'Dinner With Barbara,'" his wife said. "Sadat, Brezhnev, President Brown, and the Prime Minister of Israel are going to discuss a peace settlement over a home-cooked meal of matzoh balls and pork chops on Barbara Walters' patio."

"I say we watch public television," Bob suggested brightly. "Now that that guy Silverman is running it, I like a lot of their shows."

"We should definitely get the kids to watch that new PBS children's show, 'Chromakey Lane,'" Mrs. Bendix added.

"What's that about?"

"It teaches kids how TV is made, so they're not so susceptible to sugar ads and stuff like that. They say Silverman created it because he got scared about what television was doing to his own children. I hear his son had an identity crisis after watching that popular Saturday morning show, 'Bozo The Clone.'"

"Too highbrow for me," Bob said. "I'm going to turn on that independent station. They still have my favorite show."

"What's that?" Betty asked.

"'I Love Lucy.'"

Coming of Age of Cable TV

BY LEE MARGULIES

Times Staff Writer

You wouldn't know it to look at most cable television outfits in the Los Angeles area, but there are signs that the cable industry is making strides toward becoming the true alternative to traditional TV that has long been its potential. Cable can be—and in many parts of the country already is—something more than uncensored, uninterrupted movies and printouts of the news and stocks.

What made this astonishingly clear was seeing the finalists in the annual programming competition sponsored by the National Cable Television Assn. I served as a judge for the awards selection Monday along with Charles R. Allen, head of programming at KCET Channel 28, and Ethel Greenfield Booth, coordinator of community film programs for Filmex and a former cable consultant. Preliminary screening was done by a committee from the cable association.

The impression that emerged most strongly from the viewing experience was that cable television, when it tries, is not so much an alternative to regular television right now as it is a supplement. The movies we get on the local cable systems are one portion of this supplementary service but systems elsewhere are doing much more.

Commercial television, because it is dependent on the financial support of advertisers, is consigned to programming for mass tastes—trying to reach as many people at any given moment as possible. That's why theatrical features are trimmed of explicit sex and bawdy language when they go on the tube, so people who might be offended by such matter won't tune out.

This mass-appeal approach naturally doesn't satisfy everyone all the time, because each individual has his or her own personal likes and interests that represent a minority viewpoint. Public television fills some of these gaps—in such areas as opera and ballet, for instance—but only some of them, and probably not to the extent that devotees of those arts would like.

Enter cable. Unlike conventional broadcasters, who can transmit only one program at a time and thus live or die on how many people choose to watch it, the cable operator offers 20 channels and more, and it makes no difference how his viewers divide themselves among the many choices he offers. Thus it is to his benefit to appeal to as many special interests as possible, people who collectively don't constitute a big rating number but who are motivated enough to pay for the cable service.

The company that seemed to be doing this best in 1977 was Suburban Cablevision of East Orange, N.J., which won an excellence award for overall service. What it offered to its approximately 40,000 subscribers was strong local coverage: high school sports (everything from baseball and football to lacrosse and girls' softball), gospel singing in the park, a health information series, interviews with visiting celebrities, parades, beauty contests, symphonies, even a quiz show for high school students patterned after General Electric's old "College Bowl" series. These were programs that East Orange viewers couldn't get anywhere else, presented with vitality and enthusiasm and without pretensions of grandeur.

Although none of the other finalists in this category measured up to Suburban Cablevision, there were many other examples of interesting programs being done by cable companies across the country—from El Cajon, Calif., where college students produce a weekly news show for the San Diego community, to Portland, Me., where city council meetings are televised in full.

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Los Angeles, CA
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This was even more evident in the category for outstanding individual program. Viacom Cablevision of San Francisco produced a documentary on crib death. Continental Cablevision of Ohio/CTV-Three covered the 10th annual world championships of radio-controlled aerobatics (remote-controlled model airplanes) in Springfield, Ohio. Viacom Telerama of Warrensville Heights, Ohio, offered excerpts from an original musical play that students at a local high school wrote and produced. Cable 2-Mission Cable TV of El Cajon televised the national racquetball championships. Coachella Valley Television of Palm Desert made a program for the Christmas season showing in grim, painstaking detail what happens to someone who is arrested for drunk driving, from the time he is stopped until he appears in court.

The winners in this category, however, were Gulf Coast Television of Naples, Fla., for its daily half-hour news program devoted to the city; Manhattan Cable TV of New York City for its live coverage of the city's marathon race last October; and Marin 11/Viacom Cablevision of San Rafael for "The Mother Lode Troupe," an imaginative, entertaining musical show set in a Northern California music hall during the 1850s and featuring local performers.

A final category covered programming for pay-cable systems—that is, shows specifically created for the pay-TV market, such as the "In Session" series seen on some pay channels here. Unfortunately, the best of this lot—the programming produced by Home Box Office and Showtime Entertainment—are not carried by any of the local cable systems.

The awards for excellence went to Home Box Office's coverage of George Carlin in concert at USC and to Showtime's presentation of "Spice on Ice" from the Hacienda Hotel in Las Vegas. Both shows were uncensored, so that viewers at home encountered the same profanity and nudity as if they were attending the events in person—which, of course, is what made the telecasts so different from what you are used to seeing and hearing on the tube.

Actually, though, once you accepted the nudity and language, the differences between any of these cable shows—for pay-TV or not—were minimal. They looked like typical TV shows; only the subjects were different. That's why they seemed to be more a supplement than an alternative to what's available now—alternative in the sense of being a radical departure from the norm, of using the medium in new ways.

The lone exception was Warner Cable's Qube system in Columbus, Ohio, where viewers are able to "talk back" to their set via a two-way cable that not only carries programs into the home but also takes the viewer's push-button response to a multiple-choice question back to the studio's central computer. This adds a dynamic new element to TV watching but it remains to be seen whether it will be put to substantive uses or remain merely a diversissement.

The point is simply that cable has a long way to go to fulfill its potential. It is encouraging to see that progress is being made, however. The supplementary role that many systems are playing is a valuable one. Television might not seem so lousy if there were more shows to pick from—particularly shows that were geared to special interests and not the broadest possible audience.

Now someone has to prod the Los Angeles cable companies into becoming more active on the local scene.

Cable TV: Optimistic But Unsure of Way

By LES BROWN

While he was still in college, Dick Loftus climbed telephone poles to string wire for cable television. Now he is president of the Amvideo Corporation, a company that owns several small cable systems that are prospering by bringing television signals into homes that do not have access to sufficient stations over the air or are bothered by poor reception.

News Analysis His company is related by technology to Viacom Enterprises, the sixth-largest owner of cable systems in the United States and the company engaged in building sophisticated urban cable installations, as well as distributing movies and other programs for paid channels. Via-com's president, Ralph Baruch, was a program syndication executive for CBS in the days when Mr. Loftus was string cable.

The two men represent contrasting sides of the cable industry that blur its identity and sometimes make it seem two industries going in different directions.

A Medium Unto Itself

To Mr. Loftus, the wire that is the essence of his business is a means of providing subscribers with more station than they could otherwise receive. His view is shared by other owners of small cable systems, which make up 75 percent of those now in operation.

But to Mr. Baruch, cable is a medium unto itself, only one of whose services is the delivery of conventional stations. To him and the relative handful of others concerned with extending cable into the urban markets, the wire can provide networks of its own, programs made expressly for cable, public-affairs channels and a variety of nonvideo services such as burglar and fire alarms and data transmissions.

These divergent points of view met on common ground, as they do annually, at last week's convention of the National Cable Television Association in New Orleans. The meeting marked the 30th anniversary of the first wire strung across trees to bring in a television picture from an antenna set on a hilltop.

Optimism Is Shared

For all their differences, the large operators and the small share the sense of optimism about the future growth of the medium, which has not come very far in three decades. To date, 13 million households subscribe to cable, or 18 percent of all homes that have sets. The total of revenues for the industry last year was \$900 million, somewhat less than the total for a single network last year.

Until two or three years ago, a majority of the cable systems were either losing money or making only modest profits. Costs of building new systems in the metropolitan areas were high and rising with inflation.

The source of the optimism at this year's convention was the turnaround accomplished by many of the systems, chiefly from the addition of paid television service. But also, satellite distribution has been making possible new programming on a national scale, and analysts are predicting a subscriber-growth for cable of 15 percent a year.

Dependent on F.C.C. Rules

Moreover, there is a resurgence of interest in building cable systems in the cities and a revival of spirited competition for the franchises. Spurring this activity is the return of venture capital. After the industry's discouraging experiences with urban cable, lending institutions had shunned cable projects for about five years.

As Mr. Loftus sees it, the rate at which cable expands will depend on the willingness of the Federal Communications Commission to change the rules that protect local stations by restricting the number of out-of-town stations a cable system may carry. Mr. Loftus reasons that if his systems were permitted to carry a greater number of outside stations, they would have more to sell and could enlist more subscribers.

Mr. Baruch does not wholly agree: "I don't see where the importation of more distant signals is going to make much of a difference to the growth of cable in the major cities. The long-term future of the industry will depend on the other services and alternative kinds of programming we can provide by ourselves."

Scolded by F.C.C.

The euphoria at the convention was dampened somewhat by two key speakers from the Federal Government, who made it plain that there would be no "legislative mandate" to further the growth of cable.

Charles D. Ferris, chairman of the F.C.C., scolded the industry for depending overly on the retransmission of television signals and for failing to fulfill the promise of its technology.

"No F.C.C. rules and no statutes are going to guarantee cable a share of the rapidly evolving communications industry. You will earn that place only by your own entrepreneurial initiative."

Senator Ernest F. Hollings, Democrat of South Carolina and chairman of the communications subcommittee, said that because relatively few Americans were cable subscribers, the curbs on competition with the broadcasting industry would exist to protect "the public investment in over-the-air broadcast service."

He added, in connection with his refusal to introduce a cable bill, "The cable industry and cable subscribers, not the Government in Washington, are in the best position to define what cable is and what cable can do."

The problem at the moment is that the cable industry, as personified by Mr. Loftus and Mr. Baruch, is divided on what cable is and what it can do.

To Cable TV Industry, Picture Is Bright

By EDWIN McDOWELL

Special to The New York Times

NEW ORLEANS, May 2—The persistent Dixieland beat lends an ebullience to most proceedings in this city, but that rhythm is not the main reason delegates to the National Cable Television Association convention seem so happy. They are cheerful because of widespread industry agreement that the future looks bright indeed.

Delegates to this week's convention have facts, figures and projected-growth curves on their side. For cable, a system for distributing television signals and other services

by wire rather than direct over-the-air transmission, has grown enormously in its 30-year existence.

Indeed, it has grown enormously in just the past dozen years.

In 1966, there were 1,770 cable systems serving 2.1 million subscribers. Today there are almost 4,000 systems in 9,200 communities, and the industry estimates that by year's end they will serve 14 million subscribers, or about 42 million people. The annual gross revenues, which reached \$894 million last year, are expected to top \$1 billion before the year is out.

A billion dollars is relatively small compared with the television industry's \$8.6 billion advertising volume estimated for this year. But it is a considerable sum for an industry so small that, in the words of one convention speaker, Representative John M. Murphy, Democrat of Staten Island, "If all the cable companies in existence today were to be amalgamated into a single corporation, that corporation would only rank 257th on the Fortune '500' list."

Many systems have fewer than 50 subscribers, and the largest single cable system, Cox's Mission Cable in San Diego has about 130,000 subscribers.

But if the cable industry is small, its expectations are limitless. It is a rare member here who is not able to recite the Arthur D. Little Company prediction that cable and video cassettes will drive the final nail into the coffin of the movie theater industry by 1985, and industry officials are already invoking the magical figure "30 percent" the date—which they put at about the end of 1981—when cable television is in 30 percent of American homes and thus will become an important advertising rival to over-the-air television.

At the moment, however, only 10.8 million of the nation's approximately 72 million households have access to cable, so the industry has much catching up to do.

A visit to Rivergate Convention Center on the outskirts of the city's French Quarter revealed a dazzling assortment of cable television equipment, some of it futuristic enough for a cable TV version of "Star Wars." Among the equipment was a French-designed teletext system that displayed on the screen, within a part of the video signal not used by the picture, a wide range of information and maps retrievable by the use of a manual selection keyboard.

Emphasis on Earth Satellites

But the principal trend in cable equipment appeared to be earth satellites for long-distance transmissions. Satellites are far superior to conventional microwave relay systems because they are less susceptible to power failure and weather interference, and program distribution costs remain fixed. The industry maintains that up to 450 earth stations—about two-thirds of all the nation's stations—will be operating or authorized to serve cable television by the end of this year.

Two religious television networks broadcast on cable via satellite, as do Home Box Office and Showtime, commercial pay networks that provide primarily first-run movies and Las Vegas-type entertainment packages.

Fanfare Television, a cable consortium, recently signed an agreement with RCA for satellite distribution of special events and movies to pay-cable systems in the South and Southwest.

It is scheduled to begin June 1, the same date that the American Satellite Network goes up on the Western Union Westar II satellite. American plans to carry independent television channels from Los Angeles, Chicago and New York, emphasizing live sports events and feature movies.

24-Hour News Presentations

United Press International plans to begin a 24-hour audio-video cable service on July 3, a news-with-pictures format that would be updated five times a day and would make use of a slow-scan satellite system.

Home Box Office plans its own 24-hour video news and information service for cable beginning Oct. 1, drawing primarily on The Associated Press and the resources of its parent company, Time Inc. It too would utilize slow-scan technology as well as its present satellite channels and terrestrial microwave.

There is almost no end here to the claims of what cable can and will deliver. But earlier this week Charles D. Ferris, chairman of the Federal Communications Commission, scolded delegates for too often merely echoing the mass-marketing programming techniques of commercial networks.

The criticism raised some hackles, especially among delegates who pointed to the lineup of unusual art films available to pay cable television systems by ICAP, an acronym for the New York-based Independent Cinema Artists & Producers, which offers a range of short subjects and 90-minute features. Others cited QUBE, Warner Cable's innovative "two way" cable experiment in Columbus, Ohio, that permitted subscribers to respond almost instantly to questions about programs and performers.

Nevertheless, some delegates admitted that Mr. Ferris's criticism was generally valid.

Growth Could Be Stunted

Representative Murphy, the ranking member of the House Communications Subcommittee, reminded the delegates that cable's growth could be stunted if broadcasting from a satellite directly to a home with a small rooftop receiving dish became economically feasible.

But the ultimate fear, he said, "is that there will be a single wire coming into the home—a wire installed and maintained by AT&T, made up of optical fibers, and offering enough channel capacity to carry ordinary telephone messages, an abundance of television

programs and all sorts of data communications.

The thin glass fiber transmits a beam of light that can carry many channels efficiently with minimal signal loss. It is a small, lightweight and flexible cable, unaffected by extremes of temperature. It could replace the current coaxial cable and it employs a beam of light instead of the radio-frequency signals used in the current distribution system.

Despite such warnings, however, it is probably not surprising that the delegates seemed largely unmindful that the advanced technology that enabled cable television to make such dramatic leaps in recent years might well prove to be its undoing.

For in this port city, tow-tapping rhythms tend to dispel doubt. And now, at least, the cable industry is proud of its accomplishments and brimming with confidence about its future.

Communications Chairman Lauds Cable Television

The Times-Picayune
New Orleans, LA.
May 2, 1978

The chairman of the U.S. Senate Communications Subcommittee said Monday he believes in the promise of cable television as a unique communications medium capable of enriching the entertainment and other services available to the American public.

Sen. Ernest F. Hollings, D-S.C., made his remarks at the New Orleans Hilton in a luncheon address to delegates attending the 30th National Cable Television Association convention.

Turning to the Federal Communications Commission, which helps govern the cable television, Sen. Hollings said: "At the Commission . . . the past year has revealed a continuing trend toward lifting needless regulations." In March, 1977, the Commission established its 500 subscriber exemption, he noted, and last week it took another "positive step" by raising the exemption to 1,000 subscriber systems, which means that systems with 1,000 or fewer subscribers will have total discretion over what signals are imported.

Added the 56-year-old lawmaker, "No longer do such systems have to conduct expensive and unnecessary performance tests for which they often do not have adequate equipment or resources. Certification applications need no longer be filed — a simple notice requirement is all that is needed. This 1,000 subscriber exemption applies to 42 percent of all cable systems in the country . . ."

Cable television serves some 9,300 communities and 13 million homes in the United States, according to industry figures.

In congratulating the FCC on "this welcome step" toward public service in its cable television rules, he urged the Commission to consider even higher exemption levels where feasible, and where adverse impact on broadcast services to the public cannot be shown.

Delegates applauded when Sen. Hollings said: "I am more convinced than ever that cable (television) should run free and unfettered from regulations which serve no public interest purpose. Government's role should be to foster fair marketplace competition whenever possible. Cable should be allowed to compete in broadcasting in all instances where such competition does no harm to the public's investment in over-the-air broadcast service," the South Carolina Democrat said.

Sen. Hollings said, in his opinion, now is not the time to introduce a cable bill. Enactment of a cable bill in what remains of this year would be difficult because of the logjammed calendar in the Senate, he said.

Approximately 5,000 are attending the convention, which continues through Wednesday afternoon. Tuesday's speakers will include David Susskind, who has won the Emmy 26 times; producer-director Norman Lear, and FCC chairman Ferris.

Times-Picayune
New Orleans, LA
May 1, 1978

O'Neill Tells Cable TV House Wants Full Coverage

By SANDRA BARBIER

The white-maned Speaker of the House of Representatives, Thomas P. "Tip" O'Neill, assured members of the National Cable Television Association Sunday there will be "gavel to gavel" television coverage of House sessions but added he would not stand for much "directing."

O'Neill, D-Mass., said if he were "to judge the House, I would say absolutely they want gavel to gavel" coverage. Using an address by President Jimmy Carter as an example of the timing technically required by television, O'Neill said, "I think that's a little bit of regulation myself."

"How do you handle it? You do not lose control," he told members of NCTA meeting in New Orleans this week. The authority of the Speaker won't be usurped by television cameras, he said.

In two weeks, a new in-house television system will be operating in the House of Representatives, with television monitors in all committee rooms and members' offices, he said.

The House Rules Committee is presently considering the system which will televise some five hours daily of House procedures. Network television has pressured the Congress to install its system, O'Neill said, but the networks, public television and cable television are in the running for the franchise.

Rep. Henson Moore, R-La., who introduced O'Neill,

said a new bill is "in the works" which would delete many existing Federal Communications Commission bills, and O'Neill told the group the current head of the FCC "I am sure . . . will try to curb the regulatory monstrosity you face."

An eloquent talker, O'Neill dotted his speech with humorous anecdotes. He praised President Carter for being "the first to tackle the tough issues," including human rights, welfare reform and energy conservation.

In the past, Congress has been "short-range oriented," O'Neill said, "many of us looking at the past more than ahead . . . We have begun to recognize the need to face up" to the issues.

The public "image of Congress at this particular time is low," O'Neill said. If House sessions are televised in "every home, Congress will be better respected."

Opening ceremonies at the NCTA's 30th anniversary convention including throwing the switch on three satellite communications receivers set up beside The Rivergate.

Robert Schmidt, NCTA president, said there are 450 cable television satellite stations on earth. Programs Sunday were being beamed down from two satellites at the Equator and 22,000 miles up.

Satellite communication and live broadcasting have changed cable television, Schmidt said. It is no longer only "closed circuit" television, he said.

How Cable TV Gave 'Annie' a Lift

By ALJEAN HARMETZ

Special to The New York Times

LOS ANGELES
THE Academy Award-winning "Annie Hall" had one distinct advantage over its four competitors. To see it, the majority of Academy of Motion Picture Arts and Sciences voters had only to reach over and turn on their television sets.

The week before nominating ballots were mailed last January, "Annie Hall" played on the Z Channel in Los Angeles, part of an \$18.95-a-month cable-television system. Since 1975, studios have been cautiously placing a few of their new movies on Z for one special screening that usually coincides with the mailing of the academy ballots. The correlation to unexpected acting nominations has been surprisingly high. Diana Carroll for "Claudine," Glenda Jackson for "Hedda," Maximilian Schell for "The Man in the Glass Booth," Liv Ullmann for "Face to Face" and Marcello Mastroianni for "A Special Day" probably owe their nominations in large part to the special screenings, while Art Carney may owe his Oscar for "Harry and Tonto" to a showing on Z just after the final ballots were mailed out.

"We have 87,000 subscribers," Frank Hickey, head of marketing for Theta Cable, said. "Almost 47,000 of them take the Z channel, including all subscribers who live in Beverly Hills and Bel Air. Two years ago, a survey that we did not commission said that 75 percent to 80 percent of academy members were subscribers.

'We'll Bring It to You'

"The Z channel is a key portion of an ideal campaign for an Academy Award," Lloyd Leipzig, West Coast director of publicity and advertising for United Artists, said. He arranged for a full week of showings of "Annie Hall" on the cable. "We can reach voters under ideal conditions. They're not hassled by popcorn or parking, or someone coughing in the next row."

"There are some pictures people are not motivated to leave their living

rooms to see," Ashley Boone, vice president of domestic distribution for 20th Century-Fox, said. "Back with 'Harry and Tonto' and 'Claudine,' the screenings we had set up were sparsely attended, even though they were free. So we brought those pictures into people's houses. Essentially we said, 'If you won't go to see it, we'll bring it to you.'"

The four-year-old Z operates from 7 P.M. to 3 A.M., showing one or two movies that have just completed their theatrical runs and one or two that were well received their first time on Z. This week's schedule mixes "The Rocky Horror Picture Show" and "A Bridge Too Far" with "The Man in the White Suit." Next week will bring "New York, New York," "Providence" and "Carrie."

It is to Theta Cable's advantage to give its subscribers even one screening of a new picture, so the company's public relations concern has diligently promoted the concept of "academy specials." But the studios would not have responded—and, in most cases, allowed their new movies to be run without payment from Z—unless they considered it to their advantage, also.

Few Box-Office Winners

Not all studios believe in the helpfulness of Z. Universal refused to allow "MacArthur" to be shown, even to try to get Gregory Peck a nomination.

Still, the number of films shown on Z has expanded from four in 1975, "Benji," "Claudine," "The Conversation" and "Harry and Tonto," through two in 1976, "Hedda" and "Man in the Glass Booth," to two in 1977, "Face to Face" and "The Shootist," to nine in 1978, "Annie Hall," "Equus," "A Hero Ain't Nothin' but a Sandwich," "I Never Promised You a Rose Garden," "The Late Show," "New York, New York," "One on One," "Outrageous" and "A Special Day."

A glance at the 17 films is enough to show that there are few box-office winners among them. "Face to Face" and "A Special Day" did very well for foreign-language films but, even in Los Angeles, foreign language means a

limited audience. "The Man in the Glass Booth" was available only to subscribers to Ely Landau's American Film Theater, while "Hedda" played to painfully empty theaters.

Theoretically, the academy's 3,416 voting members should see all the important films of the year. In reality, they go to see the entertaining films that everyone else goes to see.

A Chance to See

"I went to case a few screenings of 'Equus,' an executive from a different studio said. "They were half empty. Nobody would go out to see that film."

"I prevailed on United Artists in New York to let me put 'Equus' on the Z channel," Mr. Leipzig said, "even though it was a really new movie. But I wanted the voting members to see Burton's performance and Firth's performance."

Richard Burton and Peter Firth got Oscar nominations for "Equus." But, even with a showing on Z, Kathleen Quinlan's highly praised performance as a psychotic girl in "I Never Promised You a Rose Garden" was not nominated. Nor was Lily Tomlin's California kook in "The Late Show." "The Late Show's" nomination for best original screenplay can hardly be credited to Z, because the writers' branch of the academy has a reputation for nominating worthwhile screenplays, even from foreign or financially unsuccessful films.

The value of the Z channel appears to be in directing attention to a film or performance that has been overlooked. "It's impossible to get the needed individual attention for small films at academy time," David Horowitz, publicity director at Warner Bros., said. "There are too many screenings." Warner put "One on One" on Z in hopes

of getting writing and acting nominations for Robbie Benson. "Although he didn't get the academy nominations," Mr. Horowitz added, "he got a lot of attention within the industry."

However, the showing of "New York, New York" was unhelpful to the chances of Robert De Niro and Liza Minnelli, because the problem with the film was not that nobody had seen it, but that a large number of people had actively detested it.

Well-Seen, Well-Liked

"Annie Hall" had, of course, been well seen and well liked and could quite possibly have won its four awards — for best picture, actress, director and original screenplay—without the help of Z. But Ashley Boone of Fox is not sure. Three of "Annie Hall's" competitors were 20th Century-Fox pictures—"Star Wars," "The Turning Point" and "Julia." There was no question of putting "Star Wars" on television. But Mr. Boone made "a conscious decision" not to show "Julia" and "The Turning Point" on Z.

Unlike "Annie Hall," which was released last spring, both pictures were new Christmas films. Both were packing movie theaters as well as free academy screenings. "And the reaction of the audience in a full movie theater is superior to six people in a living room," Mr. Boone said. There was also the problem of viewers pirating the films with their home video cassette machines. "I'd hate to think how many copies of 'Annie Hall' there are because of the showing on Z," Mr. Boone said. Yet, he added, "I probably made a mistake in not putting 'The Turning Point' and 'Julia' on Z."

In what the experts considered a close race for best picture, the Z channel may have given "Annie Hall" a necessary extra shove.

Cable and Pay TV on Eve of Technological Revolution

By LES BROWN

THE commercial television industry has weathered in its three decades countless storms of controversy, public pressure and regulatory and legislative sanctions, and it has come through all of them essentially unharmed.

But television's extraordinary resiliency will be put to a more rigorous test in the 1980's, because what is building up now is a technological wave that will be sweeping in formidable new industries that some believe will drastically change the American television system.

Several new forms of electronic communications have already become flourishing businesses expecting significant growth in the next five or six years — cable television, pay television, satellite transmission, portable video cameras, home video recorders and video games.

There is even more to come: the video disk, fiber optics, electronic data transmission and several forms of computer-linked television.

In Washington, where there is a strong sense of a television revolution in the offing, the House Subcommittee on Communications is attempting to revise the 1934 Communications Act to create a free and open market for the emerging technologies on the theory that the public interest is served by diverse, competing media.

Troublesome Issues Foreseen

Other policymakers, however, foresee numerous troublesome issues rising from the new technologies, such as invasions of privacy, monopolistic control of electronic communications in a community and the entry into homes of pornography and extremist propaganda.

How soon the wave hits will depend, it is generally agreed, on consumer acceptance of the new devices. "It's when technological forces turn into economic forces that you have the big bang," a Wall Street analyst said.

The networks are expressing skepticism about the effects the new industries will have on their business, but they concede that changes are inevitable and that their own giddy period of steady audience growth will probably be over in the 80's.

Vincent Wasilewski, president of the National Association of Broadcasters, also minimizes the effects the new industries will have on commercial broadcasting before 1985: "I don't detect a great public demand for change."

Unavoidable and Soon

However, many experts in the field, citing the fact that the new developments are affecting every aspect of the television process — production, distribution and display on the home screen — contend that change is unavoidable and that it must come fairly soon.

What the developments are leading to primarily, these experts indicate, are vast increases in the number of viewing channels available to viewers and cheaper and more efficient national distribution of programming. More channels and cheaper distribution would inevitably mean more networks, and these may be expected to cut into the audiences for ABC, CBS and NBC, as well as the existing local television stations.

Melvin A. Goldberg, a research vice president of ABC-TV, said in a recent speech to the American Association of Public Opinion Research: "Time is television's basic commodity. It can be divided but not expanded. To the extent that these new technologies take people away from watching programs, broadcasters must be concerned."

The marriage of two-way cable television to the computer, making it possible to charge viewers for programs they order with the press of a button, is likely to result in a wide variety of specialized programs because they would not require mass audiences. One million viewers paying \$2.50 for an opera, for example, could be more than enough to justify the telecast.

Cultural Revolution Predicted

"We will be seeing not just a technological revolution," Gustave Hauser, president of Warner Cable, one of the largest cable systems in the country said, "but also a cultural revolution. People will be learning to use television differently and to expect different things from it."

Warner is the parent of Qube, the remarkable two-way system having its tryout in Columbus, Ohio. Qube permits viewers to be polled, order products through television and purchase movies, college courses and cultural and sporting events not offered on conventional television.

Whether Qube, which involved a \$20 million investment by Warner, can develop into a profitable business will probably not be known for another year. If it should succeed, expectations are that other large companies will enter the field, spreading the technology to major cities.

The various Qube installations could be interconnected to form a number of networks by means of domestic satellites.

Effects of Satellites

The satellites are regarded by experts as the surest instruments of change for the business of television. They not only are altering the methods of distributing television and radio programming, but they are also opening national distribution — the almost exclusive province of the networks — to all comers.

Moreover, they have already met the test of market acceptance. Traffic has steadily been increasing on the two domestic satellite systems — Western Union's Westar and RCA's Satcom. Westar's two satellites can handle between them 24 television transmissions at a time, and Satcom's pair have the capacity for 48 simultaneous transmissions.

Among their regular users are the Public Broadcasting Service; the Mutual Broadcasting System, the Christian Broadcasting Network, the Independent Television News Association, Home Box Office and the Robert Wold Company, an organization that sets up temporary networks and arranges regional transmissions of sporting events.

Foreseeably, in the 80's, the variety of part-time or ad hoc networks fostered by the satellites will loosen the full-time dependency of affiliated stations on those networks.

Options to Sell Own Ads

Film companies may elect to eliminate the network as middleman and send motion pictures directly to the stations by satellite, after having sold the commercial spots in the films themselves. Advertisers would have the

ability to lease the satellite to send out programs of their own choosing instead of relying on the networks' choices.

According to a number of experts, satellites will make their full impact on commercial television, liberating individual stations from network dominance, when there is a broad proliferation of earth stations — the special receiving antennae for satellites — around the country.

A large earth station, which is a parabolic dish aimed at a specific satellite, cost \$100,000 to build and install a few years ago. But compact six-to-eight-meter dishes are being engineered now at lower cost, and they are described by one expert as "no more than the price of two Cadillacs."

The cost of satellite transmission itself is expected to come down substantially. Charles Jackson, technology specialist on the staff of the House Communications Subcommittee, predicts that in time the expense of distributing a program nationally will be no more than \$100 an hour. The drop in

price will come, he suggests, when each of the transponders on the satellite can be subdivided to carry four signals at a time instead of one.

Only Half Way There

"From what we know of the developments that are coming," he said, "we're seeing only half of the technological revolution now."

Although the three major networks use the satellites frequently to relay news reports and sports coverage to their transmission centers, they remain holdouts in the use of satellites for the distribution of their programs to stations.

Network officials maintain that their current tariffs for telephone land lines are economically sound and that there would be no substantial savings for them to switch to the satellite mode. But in the view of outside experts, the networks' reluctance to switch from the old technology to the new is based chiefly on their wariness about changing the dependency of their affiliates on the network transmission lines.

There is growing sentiment in Washington now for a wide-open marketplace, relatively unhindered by regulation, in which the new developments and the existing television system could compete freely.

'It Won't Even Take 10 Years'

Broadcast regulation is based on the idea of frequency scarcity. Representative Lionel Van Deerlin, Democrat of California, chairman of the House subcommittee and spearhead of the new bill, believes with certainty that there will be an abundance of television channels in the 80's.

For this reason, he has proposed in the bill to relieve television operators of most of their license responsibilities after 10 years. "It won't even take 10 years," Mr. Van Deerlin said. "The scarcity problem will be over a lot sooner than that."

The expansion of channels is expected to come about in one or all of at least three ways:

¶Through cable-television, which now has systems offering 36 channels and, in its modification with fiber-optics technology, can increase the number to thousands;

¶Through satellites transmitting directly to homes equipped with special, relatively inexpensive antennae;

¶Through a new device developed by Texas Instruments and financed by the Federal Communications Commission, known as the TI Tuner. It divides the electromagnetic spectrum more efficiently than present technology to allow for the creation of substantially more stations on the VHF and UHF television bands now in use.

Cable Is Penetrating Suburbs

It appears that cable-television will be the most immediate source of new outlets and networks. Spurred by consumer demand for such pay-television networks as Home Box Office and Viacom's Showtime, cable is beginning to make significant penetration in the suburban communities of major cities.

William J. Donnelly, a vice president of Young & Rubicam Advertising, who has been concentrating on cable and other emerging media, has predicted that cable television would be taken seriously as a national advertising medium when it reached into 30 percent of the country's television homes. The figure is currently 17 percent.

Thirty percent is not a figure pulled whimsically from the air, Mr. Donnelly points out: "It was the magic number that made television a mass medium and that later made color television matter to advertisers."

A 1976 study of cable by Arthur D. Little Inc. had forecast a 30 percent penetration by 1985, but Mr. Donnelly, citing the recently accelerated growth of the medium, predicts the critical mass will be reached in 1981.

Networks Don't See Jeopardy

The networks are, of course, fully aware of the technological developments, but they contend the present system of television is in no jeopardy.

Gene F. Jankowski, president of the CBS Broadcast Group, in a recent interview denied the prognostications of doom for the networks:

"People are making a set of assumptions about the 1980's. It's all still speculation, but they have set up a situation that becomes, in their minds, fact. These new industries are interesting, and we might want to enter some of them ourselves, but they are small businesses and not a serious threat to us. Networking in the 80's will be very similar to what it is today."

To illustrate his belief, he cited that CBS recently committed \$35 million to license "Gone With the Wind" for 20 years. NBC similarly paid \$21.5 million to license "The Sound of Music" for 22 years.

Struggle for Advertising Revenues

At NBC, Alfred Ordovery, the executive in charge of corporate planning, said that according to his studies the expansion of cable to the 30 percent mark would more seriously affect small stations than it would the networks. Moreover, he suggested, any future network that might be formed would face a struggle for the advertising dollars that now support the three networks comfortably.

Asked how the network was planning to meet the changes promised by the technology, Mr. Ordovery replied: "Rational analysis says nothing is going to happen. But if all these things do come to pass in a large way, defying rational analysis, we have no plan."

Technology Glossary

Cable television: The technology of distributing television signals to homes by wire instead of over the air.

Two-way cable: Cable installations in which two wires are used, one carrying signals from the transmission center, the other taking signals from the television set. Sophisticated forms of bidirectional cable permit pictures to be sent in both directions.

Pay-cable: Pay-television by means of cable, which essentially provides subscribers with new movies, sporting events and special variety programs.

Qube: Trade name for a form of two-way cable whose special feature is the union of a cable with a system of polling computers.

Fiber optics: Light-wave technology in which a hair-thin flexible glass fiber can be substituted for the copper wire in cable systems to substantially increase the number of channels.

Satellites: Orbiting space vehicles, 22,300 miles above the equator, used in place of terrestrial lines to relay television signals and other communications services — telephone and Teletype — over long distances.

Home video recorders: Videotape recording and playback devices that can record off the air up to four hours of programming for later viewing while the viewer is away, asleep or watching another channel.

Video disk: The video counterpart of the phonograph record, expected to come onto the market later this year. It stores visual and audio matter that can be displayed on the television set through a special turntable.

Electronic data transmission: Systems developed in Britain and France that, by means of a decoder attachment to the television set, permit the viewer to call up a variety of printed matter, such as news bulletins, stock quotations and sports results.