IN FOCUS: Cable—Who's Got the Clout

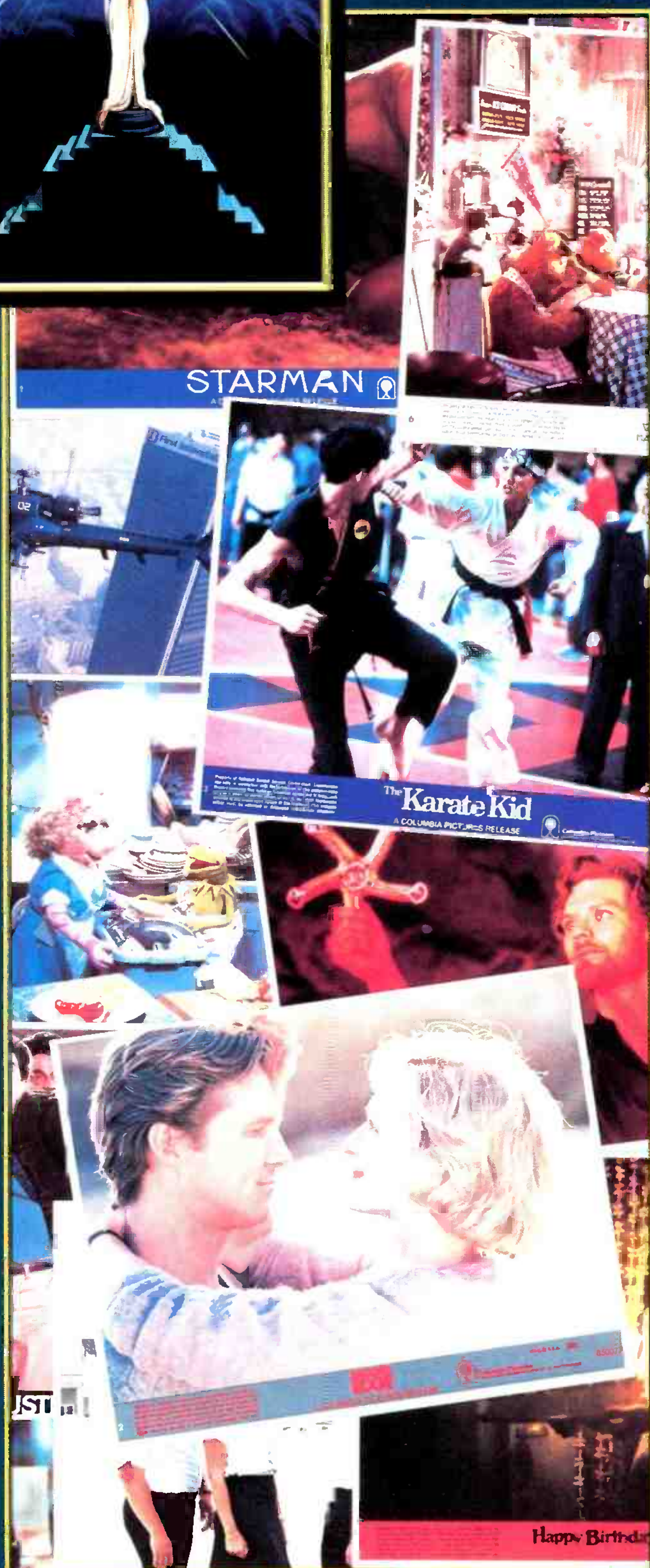
CHANNELS

$2.95 OF COMMUNICATIONS MARCH 1986

Going Fourth

On the morning of September 4, 1985, Rupert Murdoch stood in a room full of immigrants and swore a solemn oath renouncing all allegiance to foreign princes. And so Murdoch, and his accountants and his lawyers and his bankers, his vicar Barry Diller, and his mighty world-wide cash flow, laid siege to that grim fortress, the three-network system.

INCREASE


STARMAN
The Karate Kid
A COLUMBIA PICTURES RELEASE


THE FRONT
A COLUMBIA PICTURES RELEASE
A COLUMBIA PICTURES RELEASE

CHANNELS
OF COMMUNICATIONS

VOL. 5, NO. 6 MARCH 1986

Cover design by Walter Bernard and Milton Glaser, WBMG Inc. Cover photo: Reuters-Bettmann News Photos (Cover photo is a composite enhanced by computer.)

EDITOR'S NOTE

A Brand New Five-Year-Old

We present here with elation and pride the debut of what some on our staff have been calling, during the gestation period, "the new *Channels*." This five-year-old magazine is indeed spanking new in several respects. Starting with this issue *Channels of Communications* will be published monthly (initially 10 times a year), instead of bimonthly, by a new company, C.C. Publishing, owned by the noted writer-producer Norman Lear.

The look of *Channels* is decidedly new, thanks to a front-to-back renovation (including logo) by the distinguished magazine designers Milton Glaser and Walter Bernard. Our staff has substantially increased, with top-notch new people on both the editorial and business sides.

What may be most significantly new is our focus. With the addition of new writers and departments, we have repositioned *Channels* as the business magazine of the electronic media—the only business monthly in this highly complex, immensely prosperous, and rapidly changing field.

For all the newness, however, I prefer to think of this relaunch in other terms, as the debut of the "old improved *Channels*," because the essence of the original magazine hasn't changed. Nor has our independent spirit, nor our commitment to analyzing the effects of the communications revolution on a democratic society. Our charter is still as expressed in the Editor's Note of Vol. 1, No.1, back in the spring of 1981:

"[This] magazine sprang from an awareness that television is too important a social, political, and cultural force in America to be covered by a press that has historically viewed the medium as a competitor, or as a wellspring of celebrity features and gossip." The only alteration I would make in that text today is to substitute "the world" for "America."

Channels was born at the start of the communications revolution—one of many new magazines to come out in that period and, with good reason, one of the few to have survived. We have been documenting a unique phase in history, one that has brought a torrent of change not only to the communications industry but also to individual lifestyles and to the cultural and political fabric of nations. The revolution still rages, but in America it has now shifted to a new stage. Where previously it was driven by technology, today it is powered by business and finance. As the news story we've been following has changed emphasis, *Channels* has, inevitably, changed emphasis too, focusing on the business of the media in a way no other publication does. And that's the story behind all the newness.

In the years I've been covering television, which now encompass a generation, my belief has been that television has to be understood as a business in order to be understood as a medium. That remains our guiding principle, not only for illuminating broadcasting but also cable, home video, the production industry, and everything else in the ever-expanding electronic environment that is the special province of this magazine. Business, it seems, will always validate technology.

This issue of *Channels* is just the start of something new. The next holds a few more surprises—and, I trust, so does the amazing business we cover.

Les Brown

CHANNELS
OF COMMUNICATIONS

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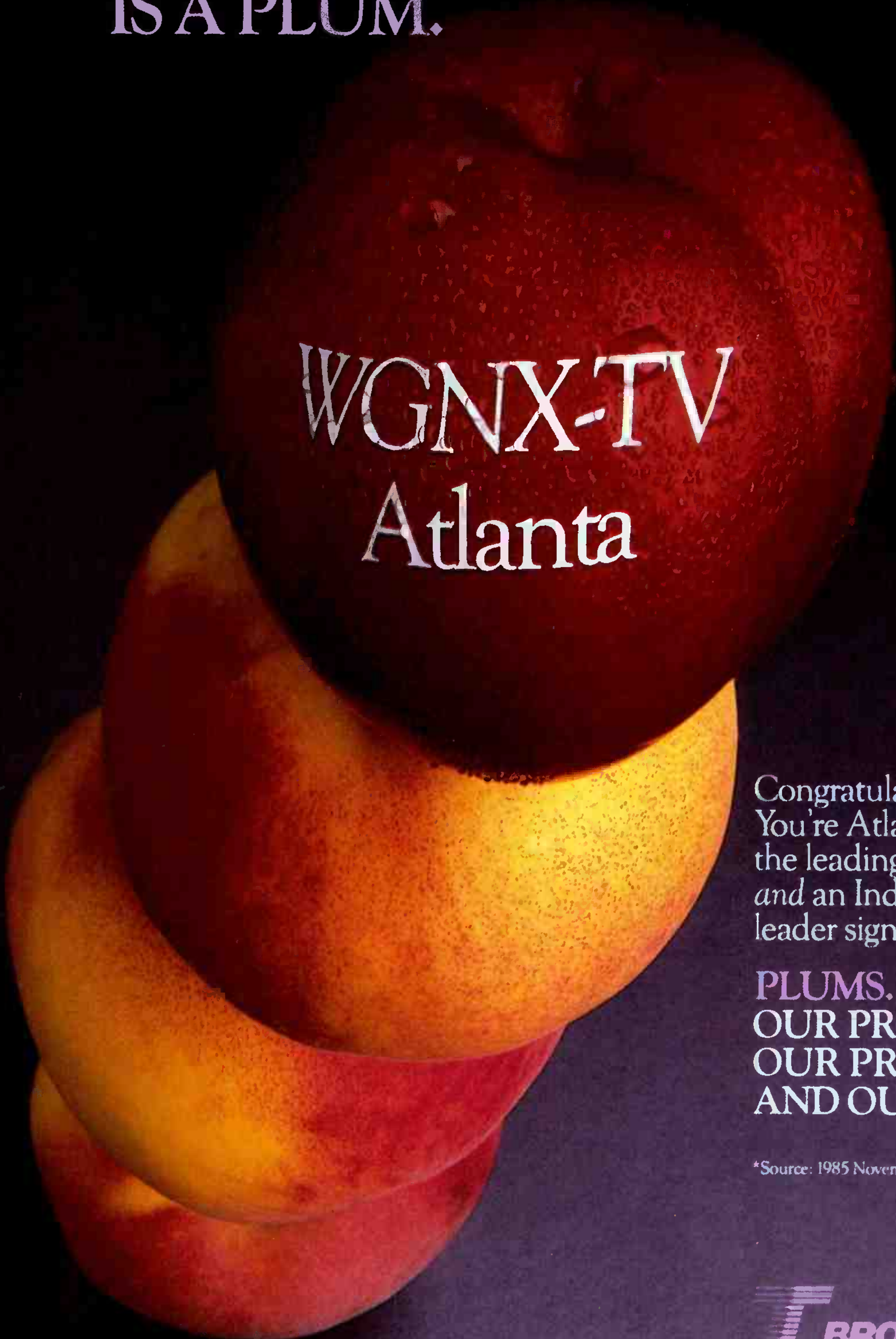
ABC membership applied for January 1986.

NOW, ATLANTA'S TOP INDEPENDENT IS A PLUM.



Congratulations WGNX.
You're Atlanta's choice . . .
the leading Independent
and an Independent
leader sign-on to sign-off.*

PLUMS.
OUR PROPERTIES,
OUR PROGRAMMING
AND OUR PEOPLE.

*Source: 1985 November NSI sign-on to sign-off share

TRIBUNE BROADCASTING Company

GOINGS-ON BEHIND THE SCREENS: TOPICAL MONOLOGUES AND SKETCHES

TALK SHOW

HIS EYES ONLY

We all know that the President, especially this President, shapes the news—above all, the television news—to suit his own purposes. He pals around with Sinatra; he greets Gorbachev without a coat. What a performer! The President acts on the media. But we forget, until we are forcibly reminded, that the media act on the President—especially this one.

The reminder arrived earlier this year, as the story unfolded of the Administration's response to the terrorist killings in Rome and Vienna. The response began taking shape, according to newspaper accounts, when Mr. Reagan sat down in front of a television set in his suite at the Century Plaza Hotel in Los Angeles. No doubt his aides had already sketched out the grim facts; they could have told him all the facts he needed. But the President turned to the TV news to make sense of the event. As he stared at footage of bloodstained airport lobbies, the President, according to his staff, was filled with revulsion, anger, and horror.

Over the course of the next week Reagan was drawn away from an initial temptation to slake his anger with a military strike. He does not, after all, get all his information from television news. But the image that sparked the revulsion remained, so the temptation remained, too; Reagan threatened that he still might authorize a military strike.

It is not television news, of course, that makes the President despise terrorism—or communism, for that matter; his political passions have a lengthy provenance. But Reagan is peculiarly susceptible to the television point of view. Not only has he virtually no direct contact with the print media (he reads digests prepared by his staff and occasionally "scans" newspapers), but he also has less taste or capacity than any recent President for what Marshall McLuhan identified as print-based thinking: abstract reasoning, appreciation for nuance, and ambiguity. The President seems to think in pictures—pictures soaked in a single strong emotion. Thus his habit, infuriating to critics, of illustrating his points with vignettes, or images, rather than clinching them with arguments. It is this thought process, as much as his ease before a camera, that makes Reagan a television President. For television, too, works almost exclusively in primary colors—not because newsmen are simpletons but because images overwhelm the sound of their voices.

Now we return to that suite in the Century Plaza Hotel. It is the morning after 19 people, including five Americans, have been killed by indiscriminate gunfire 4,000 miles away. The President, one single man, has turned on the TV set to absorb images of the event. The image is blood. He becomes disgusted, enraged. At that moment the relationship between the President and television is reversed, and television swells to attain a gigantic importance. Television is speaking to one man: Its emotions become his emotions; its limitations become his. We think that television affects the world indirectly, by shaping the thoughts of millions of viewers; but its influence is much more direct—and certainly not less frightening—when the President is watching.

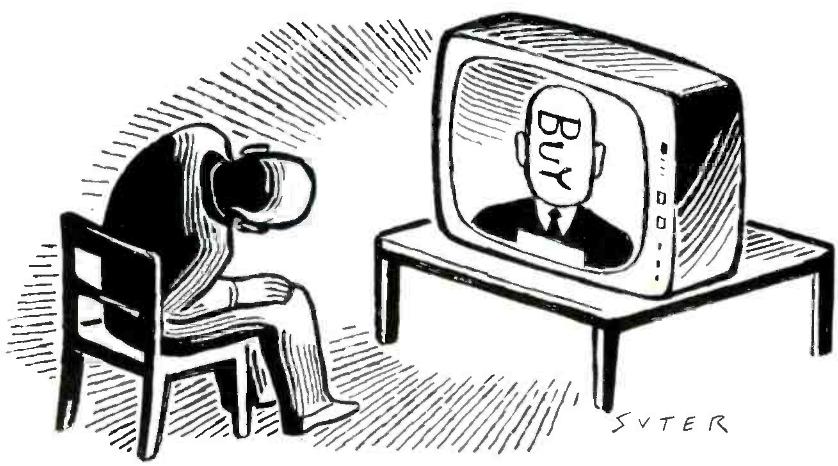
JAMES TRAUB

ILLUSTRATIONS BY DAVID SUTER

TALK SHOW

A MODEST PROPOSAL

There is nothing in the logic of commercial television that makes it necessary to broadcast programs. Since programs are only a means to attract an audience for advertisements, it is possible to imagine other means. One could, for example, rent the mind of the audience by paying people to watch commercials. If these rental costs were low enough, an entirely different structure for network television might emerge. But an even better solution can be devised: commercials as the content of TV.



In any advertising-based medium, content is clearly a drag on profits. On the ideal radio station the hits would be jingles. *Vogue* magazine probably comes the closest to perfecting a commercial form. Advertising is more or less the content of *Vogue*, and many readers buy the magazine specifically to look at the ads. At the point when every page is a paying page *Vogue* will be complete: The only thing left to do will be to raise the rates. This point must be considered the acme of every advertising-based medium. Thus the producers of television programs are in a perilous position: Television would like to get rid of them. There are now signs that it is doing just that.

The most obvious sign is MTV, a form of television in which two kinds of advertising, videos and more traditional commercials, replace the programs entirely. In principle there is no reason why the publicizing power of videos should be limited to use by rock stars. The formal elements of music video—quick cuts of attractive imagery set to a beat—have already made their way into dozens of commercials, as well as the promotional spots the networks use to hype their own shows. If these latter become interesting enough, it would be possible to do away with the shows entirely and just show the spots. A farsighted television executive might stop thinking of promotional spots as advertisements for something else and begin to conceive of them as the purest form of television imaginable. The perfection of commercial television will come when people pay to watch the videos that advertisers pay to put on.

Though the poor sound and picture quality of most television sets limits progress in this direction, breakthroughs such as stereo sound and high-definition pictures open up new possibilities for a commercial television based largely on images set to a beat. These will have to be exploited if television is to complete its incarnation as a commercial medium.

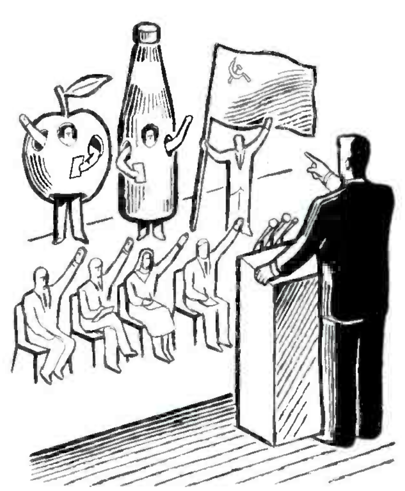
At some point in the future advertisers might also be in the way. Those who want to say specific things about specific products will inhibit the progress of those who want only to evoke moods. Consumption itself must become the theme of advertising if the television medium is to take full advantage of its formal properties. Only then can the power of imagery, melody, and beat combine to make advertising the sole content. The ads for charge cards ("MasterCard, fill my flat!") are a step in this direction: the "product" being advertised is the activity of buying. Indeed, for the diversified consumer-products giants emerging from the current wave of mergers, no single product is as important as consumption itself. They are thus the ideal advertisers for the television of the future.

Already certain shows have consumption as a principal theme: *Dynasty*, *Miami Vice*, and *Lifestyles of the Rich and Famous* come immediately to mind. For an image of television's future imagine these shows stripped down to videos and sold as both advertising and programming. There is only one possible impediment to the full realization of this idea: the FCC. The ultimate test of the agency's free-market philosophy will come the day it is asked to define the television program. For there is no certain boundary between the content of a commercial medium and the commercials themselves, and no reason why television people should pretend that there is.

JAY ROSEN

THE COLOR RED

Attentive viewers of Ronald Reagan's television press conferences may have noticed that many of the reporters in attendance wear red. This is a stratagem, not a fashion statement. Reporters look for any edge in the fight for Reagan's attention, and they know of his weakness for Nancy's favorite color. The tactic worked for ultraconservative radio commentator Lester Kinsolving, who executed a

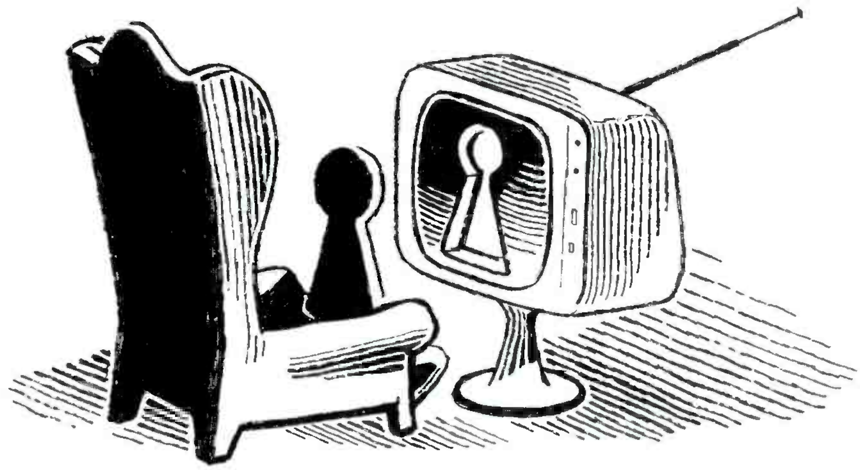


pre-conference striptease last May, removing a dark jacket and tie to reveal a red coat and cravat. As the *Orlando Sentinel*'s White House reporter since 1983, I've worn my share of red, too, but until recently to no effect.

Shortly before the start of the President's nationally televised press conference on January 7, press secretary Larry Speakes announced his "red count": eight red jackets, blouses, or dresses, and a pair of scarlet gloves. Moments later, Ronald Reagan strode onstage. The subject was Libya and I was ready, armed with six questions, a terrific center-aisle seat, the knowledge that my immediate seatmates had no desire to interrogate the President, and a tomato-red shirt. I asked the President if he took seriously Colonel Qaddafi's threat to send hit squads to Washington. Yes, he said, calling the man a "barbarian" and "flaky." Talk about quotable!

Chalk up another victory for the red count.

ANNE GROER



SEX ON THE SOAPS: THE DATA GAME

If only Dr. Louis Berg—a well-known moralizing psychiatrist of the 1940s—were around to test himself on today's soap operas, what extraordinary harm he could inflict!

Almost half a century ago, Berg attempted to measure the physiological effects of radio soaps by listening to several and then taking his own blood pressure. He found that soaps not only "pander to perversity," but that they caused him to have anxiety, rapid and irregular heartbeats, increased blood pressure, and excessive perspiration. He must have been sensitive to infinitesimal traces of sexual innuendo. Berg's contemporary James Thurber eagerly searched the radio waves for "hot clinches burning up and down the daytime dial" and found, to his disappointment, only "coy and impregnable chastity."

Poor Dr. Berg! He missed soap perversity at its zenith: the age of the television soap opera, in which men bare their chests, women flaunt themselves in flimsy robes, and both engage in hot and heavy panting and kissing. And there is endless talk about sex: planning it, having it, analyzing it, comparing it, regretting it. The sexual tension is so palpable you can slice it with a diaphragm. Almost everything else that happens is either foreplay or afterburn, a brief breather until the serious business of sex begins again.

Ever since Dr. Berg's study of soaps, social scientists have been trying to figure out what the shows tell viewers about life. Several dozen scholarly journals have in recent years focused on the issue of sex in the soaps, and last year a textbook, *The Soap Opera*, was published. Researchers find on the whole that soaps reflect an upper-class status quo, a sort of emotionally laden land of limitless opportunity. They affirm traditional values and punish transgressors. In the soap universe, men have professional jobs; women may work but their true concerns are family and relationships. Finally, there is a kind of fairy-tale wellness: People almost always recover from serious illnesses and die only of conveniently timed auto accidents, murder, or suicide.

And then there is sex. Sex percolates merrily through all of the daytime soaps like grounds in a coffee pot. According to a 1979 study, there are six and a half "acts of sexual behavior" during every hour of soap broadcasting. This includes what researchers call "erotic touching," the closest network television can come to depicting real sex.

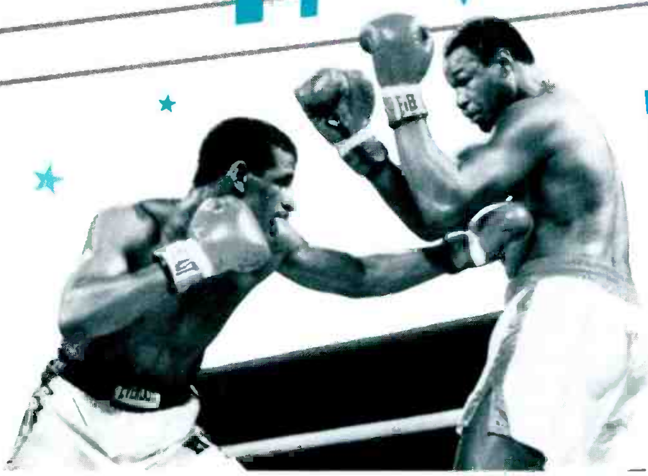
Bradley Greenberg and Dave D'Alessio, of the Communications Department at Michigan State University, had three of their students watch three episodes each of 13 daytime soap operas—about 500 scenes overall. The researchers found 66 incidents of "verbal intercourse" or "visual intercourse," 17 of petting, eight of prostitution, three rapes, and eight others. Men were no more likely than women to initiate sex, and no one over 40 participated in any sexual activity. Only a few of the intercourse scenes were visual; most involved discussions of impending sex. While James Thurber noted that the "official circumlocution for the awful word 'sex' " during the 1940s was "emotional understanding," in the 1980s the word "bed" is the signal that sex draws nigh.

Greenberg and D'Alessio point out in their 1985 report in the *Journal of Broadcasting & Electronic Media* that much of the sex talk on soaps concerns unconsummated relationships and rejected overtures. About a quarter of the time that soap characters talk about doing it, they haven't: "Mark and I do not need sex to enjoy each other," or "I said there wouldn't be any sex until we're married." (They'd better not wait: In the soap world there is almost no sex after marriage.)

The researchers contend that affairs are usually something that *someone else* is doing. Consider this tirade from CBS's *As the World Turns*: *"You knew about his affair with Margo, but you forgave him for it. Then he goes out and has an affair with Connie Wilson and she's found dead. Then what does he do? He goes out and has an affair with your cook, the same one who's serving the orange juice this morning."*

Another

It Was a Very



World Championship Boxing

The Best Network Sports Coverage... (Boxing), TV Guide

"...HBO did an outstanding job in covering the Spinks-Holmes stunner."
The Hollywood Reporter

HBO
Cinemax
COMEDY

CINEMAX comedy experiment

"Sharpest Satire." The Best... We Saw (Cable), TV Guide

"...Martin Mull's 'History of White People in America' and Harry Shearer's 'It's Just TV.'" Broadcasts of the Year, *The Washington Post*

"...pay-cable made some of its more lasting impressions with the kind of comedy that the networks...generally shy away from." The Year's Best Television,
The New York Times

Not Necessarily the News

"Why, oh why, can't free commercial TV have the guts to do this kind of satire?"
KCBS-TV, Los Angeles

The "IN" List,
The Washington Post

The Last Polka – The Shmenge Brothers (HBO)

"Funniest Concert." The Best...We Saw (Cable), *TV Guide*

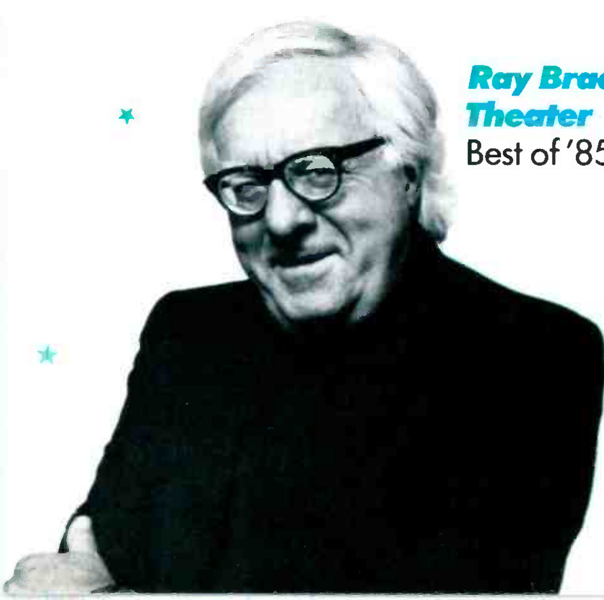
GOOD YEAR

Finnegan Begin Again
The 10 Best TV Movies or Mini-Series of the Year, *The Washington Post*
Runner-Up: The 10 Best Shows on TV During 1985, *Los Angeles Times*

Tina Turner: Private Dancer
"State-of-the-glitz art." Broadcasts of the Year, The Washington Post

The Max Headroom Show
"Guess which network had the guts to run this daring experiment in video – satirical documentaries, zany send-ups of the news, general weirdness. Right, none of them. It's on Cinemax." Best of Tube, *People*

"...the most original comic send-up of the year." The Year's Best Television, *The New York Times*



Ray Bradbury Theater
Best of '85, Time

HBO®
cinemax®
Television At Its Best

TALK SHOW

In another study, of high school and college students in Cleveland, researchers found that the more realistic the kids thought soap opera sex was, the more they enjoyed their own eventual loss of virginity. Perhaps the teenagers borrow dialogue from soaps to use on dates, such as "I want you" or "How about showing me the art of hugging and kissing?" or "Are we doomed to be friends or can we start to be lovers?" Never having learned the art of sweet talk, teenage lovers may use soap sex talk as a sort of introductory foreign language course. (After all, it's tough to find serious mush anymore in movies or nighttime television.)

More than just a how-to for teen virgins, soaps offer sex as a mix of lust and feelings in a way that speaks directly to women, a point that the researchers ignore. While the notion that women have sex to get love and men declare love to get sex may be true in the real world, soap characters are more balanced. In the soap world, women find men who are their partners in passion. Not only do the men and women live for sex, they also live for romance, emotion, sentiment—*relationships.*

If only soap operas mirrored the real world. If they did, though, no one would need to watch them.

CARIN RUBENSTEIN

AN FCC STUDIOS PRODUCTION

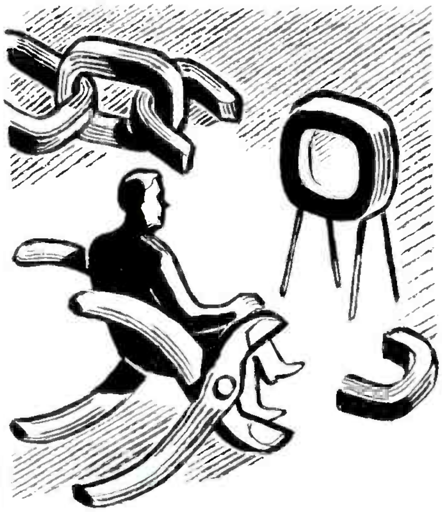
We created a new show of our own, "The Young and the Unregulated."

—FCC chairman Mark Fowler, in a speech last September

We open in the sparsely furnished office of Ken Kirk, FCC deputy commissioner for freedom of thought. Ken is gazing dreamily out the window, wrapped in the American flag. A sharp knock on his door awakens him from his reverie, and he unwraps himself. In walks his secretary, Barbara Doolittle. Their eyes lock; both are gloriously young, achingly unregulated.

Ken: Barbara, take a memo. *He leans over the back of Barbara's chair, inhaling her rich scent—Fresh Apple Pie. He leans closer, closer . . . and then snaps out of it.* "Dear Chairman Mark: Ever since you observed that 'extremism in defense of free markets is no vice,' I have been extra specially vigilant. I know our efforts to create an environment that marries customer demand to the ingenuity of the marketplace awakens the wrath of the public-interest totalitarians." Are you with me, Barbara?

Barbara (*suddenly starting awake*): Marries? Oh, Ken. You know how I feel



about regulatory restraints.

Ken (*his voice suddenly turning hard*): "You will recall, Mark, that I have been attending meetings of the Council to Substitute Total Government Control for Private Enterprise in Media, dressed as a leftist. In this capacity, as you know, I have uncovered the existence of a mole in the FCC, passing the secrets of our final push for unregulation to CSTGCPEM chairman Alger Chamberlain. Now I know the mole's identity." *Ken retreats to the flagstand and fixes Barbara with the fierce gaze of outraged patriotism. As her pencil crashes to the floor Barbara chokes back a sob, and then breaks down.*

Barbara: I've been such a dupe, Ken! He told me he was a reporter with the Accuracy in Media newsletter, and then he . . . he asked me about my hobbies and my deepest feelings. We watched public television together. *As sobs rack her pale, delicate figure, Ken, suddenly crestfallen, touches her hands, then her shoulders, then gathers her into a powerful yet tender embrace.* Oh, Ken, now I'll never get a job in the private sector!

Ken: Never underestimate the conscience of a conservative, Barbara. If you will help us in the struggle against advocates of the so-called "public interest," your future will be assured—in more ways than one.

Barbara: Oh, Ken, if only I could! But I fear it's too late. You see, I . . . I'm having Alger's love child.

Now we are in a swanky living room decorated with signed photographs of Mao, Trotsky, and so on. Everything is red. Alger Chamberlain reclines on an immense couch, a cigarette holder threaded through his long, tapering fingers—the picture of a decadent liberal. A butler ushers in Barbara and a committed leftist—wearing turtleneck, Earth shoes, the whole bit. It is Ken in drag. All three make a clenched-fist salute.

Chamberlain: Come in, Comrade Tchaikovsky. *He pays scant attention to Barbara; any fool can see that it wasn't love, but ruthless opportunism.* I understand, Comrade, that you have in your possession top-secret FCC documents.

Ken (*in thick Russian accent*): I hef, Kumred Algerovich Tchamberlain. But my umployers moost know if ve share the same politovich principlinskies.

Chamberlain (*standing up to declaim*): I believe that a tiny group of liberals should be allowed to dictate to the networks. I believe that profit is evil. And I've never met a regulation I didn't like.

Ken (*in his normal voice*): Did you get that, Barb? *Barbara pulls up her maternity dress and reveals a tape recorder strapped to her stomach.* You're under arrest, Mr. Fourth Column, for advocating the overthrow of the commercial broadcast system. You won't threaten a bottom line for years to come. *Ken tears off his bohemian togs to reveal the red-white-and-blue uniform of the FCC Freedom Police. As Chamberlain is led away, Ken and Barbara gaze upon one another with the special yearning of conservatives in love. Ken draws her close.* I want to be a father to your child, my darling. I want to undo its evil birth. We'll move to a conventional suburb with a strict libertarian church. And Chairman Mark will be the godfather.

WHAT'S NEW AND NOTEWORTHY IN THE ELECTRONIC ENVIRONMENT

REPORTS

BACKYARD DISHES

Will Ku K.O. C?

At CES: Rubdowns for the pain in the neck dish makers get from signal scramblers.

The girls were dressed in sexy, short-legged white jumpsuits, and they were giving "Swedish massages" (really just neck rubs) to weary conventioneers at the Luxor booth, Luxor being the Swedish satellite-dish company with an 8 percent market share in this country. The scene was the recent Consumer Electronics Show in Las Vegas, where the number of dish manufacturers on hand was up 41 percent over last year. But judging from the complaints being voiced at the show, it's going to take more than a Swedish massage to cure what is suddenly ailing the dish business. "The fall started out quite well, and then things came to a halt," said a Kenwood spokesman. "My business is off about 60 percent in the last three months," said R&B Sattelite's Ronald Scheppe.

Causing the slowdown is consumer confusion over the scrambling of satellite signals: Seventeen major programmers have thus far indicated plans to begin scrambling this year. While the fight for paid access to the descrambled signals is pretty much settled by now, a larger battle looms over the size of the fee and over who will distribute the programming. But resolving that problem won't necessarily end the woes of either manufacturers or dish owners.

The coming switch of some networks from C-band to the more powerful Ku-band satellites means that most of the nation's 1.3 million dish owners won't be able to pick up the incompatible Ku signal until they spend approximately $800 to retrofit their C-band dishes. That problem will soon have the dish companies doing some fancy scrambling of their own. PETER AINSLIE

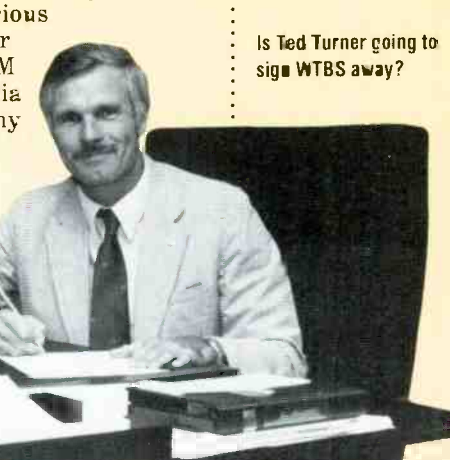
SUPERSTATIONS

Ted in the Red

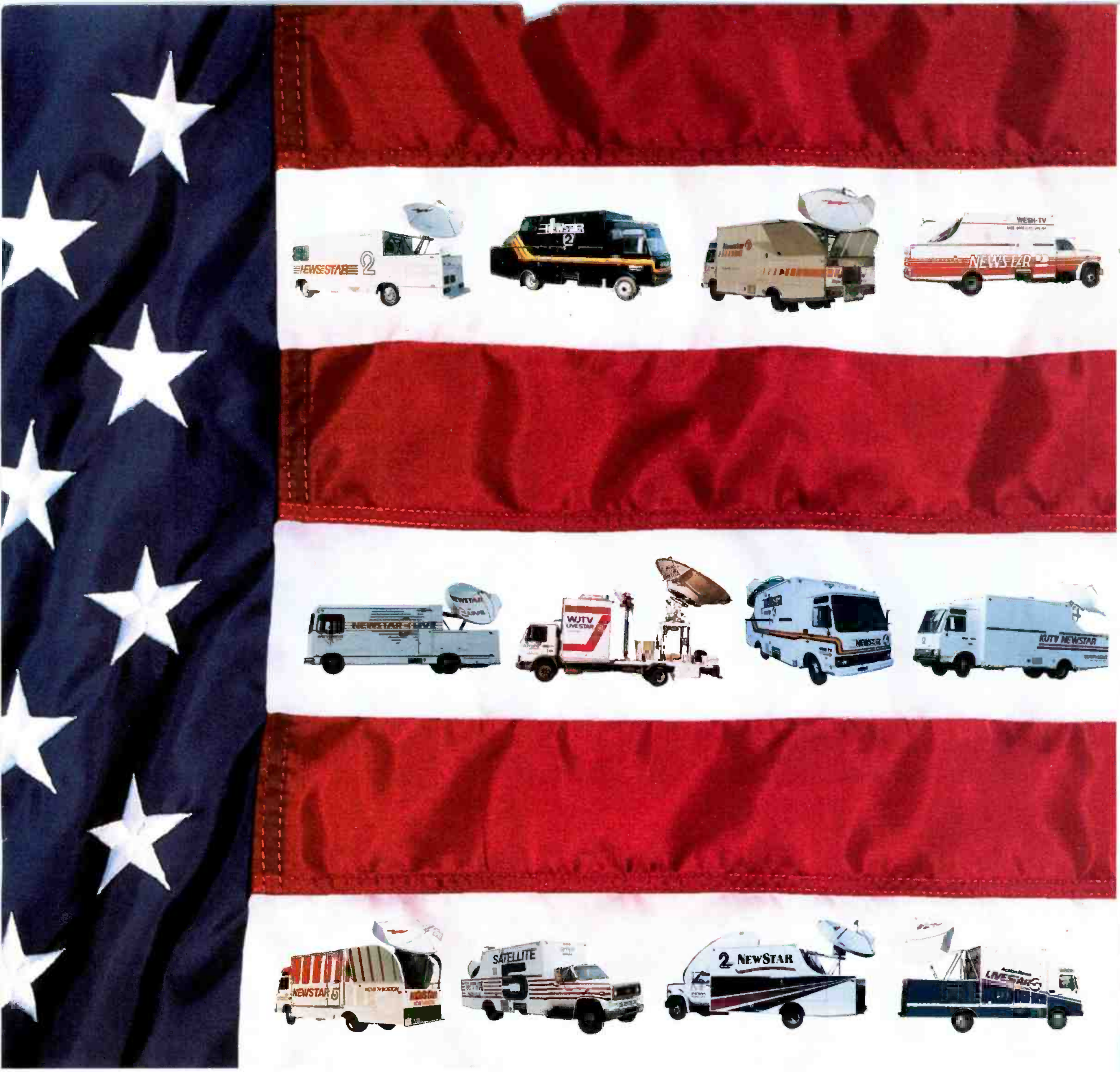
Ted Turner seems forever to court disaster without actually suffering it. But his bid for MGM/UA may finally bury him—whether it succeeds or fails. Turner's superstation WTBS, the source of virtually all his profits, cannot survive in the long run without fresh programming. But since 1981 the station has been squeezed out of the market for competitive reruns or movies. Program providers treat WTBS as a national network, but the superstation insists that, for buying purposes, it is just another local station. The purchase of MGM, expected at press time to be approved in February, would solve this problem at a stroke; its vast archive of classic films would give WTBS fresh product—even a new identity.

SuperStation WTBS

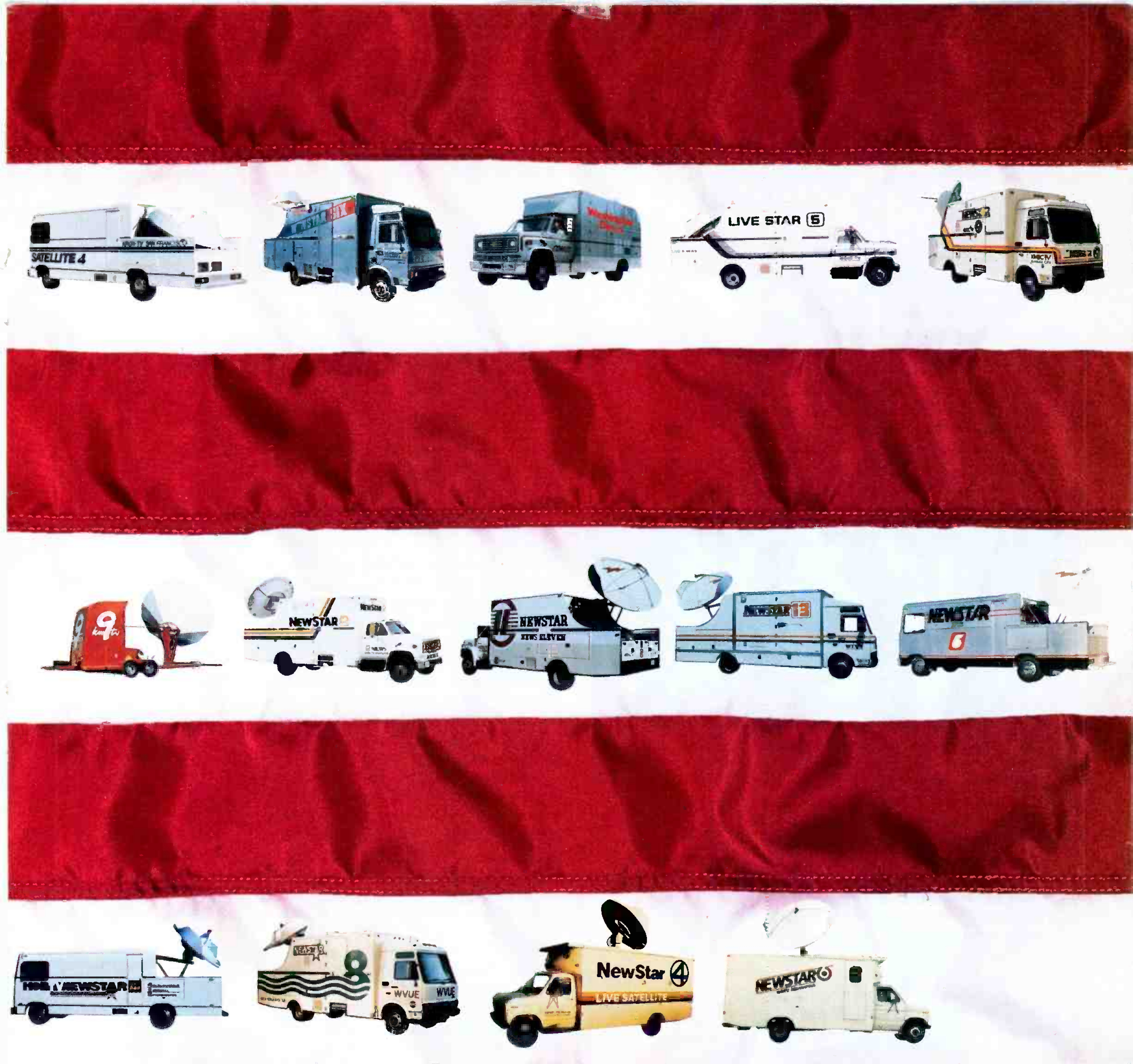
But "it's a serious question whether Turner can buy MGM at all," says media consultant Anthony Hoffman. At first Turner's bankers claimed he would



Is Ted Turner going to sign WTBS away?



In times like these, a declaration of independence is a strong idea.



American television is going through a revolution.

Major networks are getting new owners. Individual stations are being bought and sold in record numbers. Technology is changing at light speed.

Uncertainty seems to be the top story of the day.

All of which helps to explain why so many affiliated and independent stations around the country are turning to Conus SNG™ System.

As participants in Conus, they become more self-reliant, and gain the stability to protect their most important product: News.

Conus does this by giving them the independence, the freedom to cover news whenever and wherever it happens. In effect, by giving them more say in what to broadcast.

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REPORTS

have no trouble financing the $1.4 billion purchase: He could separate United Artists from MGM and sell it back to its previous owner, Kirk Kerkorian, for $470 million, and finance the acquisition by issuing "junk bonds." But since last fall Turner has been hectically trying to raise cash for the purchase by selling a chunk of Cable News Network, or even of MGM itself. Turner has hawked his wares to almost everyone with spare cash—the networks, Time, Rupert Murdoch, Viacom. Nobody's buying, though

Turner hasn't given up. He has lowered his offer a second time, to $1.25 billion.

Since Turner needs MGM, he'll probably try to swallow it anyway. This could be the real disaster. As the new owner Turner would have to pay as much as $150 million a year to service MGM's huge debt. With his reserves drained and no early prospect of profit, Turner would be virtually unable to run MGM, leaving him little choice but to keep the library and sell the rest of the studio.

Is there any hope for the beleaguered hero? Hoffman, a connoisseur of the doom scenario, has a Least Worst Case Scenario, in which Turner backs out of the deal, takes WTBS off the satellite, and becomes a local broadcaster. "That's what a prudent man would do," he says. But Turner, Hoffman concedes, would rather be wrong than prudent.

JAMES TRAUB

POLITICS

Simon Says: Enough

Sam Simon is tired. As head of one of Washington's most visible public-interest communications lobbying groups, Telecommunications Research and Action Center (TRAC), he has spent the last seven and a half years charging across the country, working 11-hour days, single-mindedly sticking up for the consumer's interest in telephone, broadcasting, and cable-TV issues. Now Simon is ready to quit it all to start his own consulting firm.

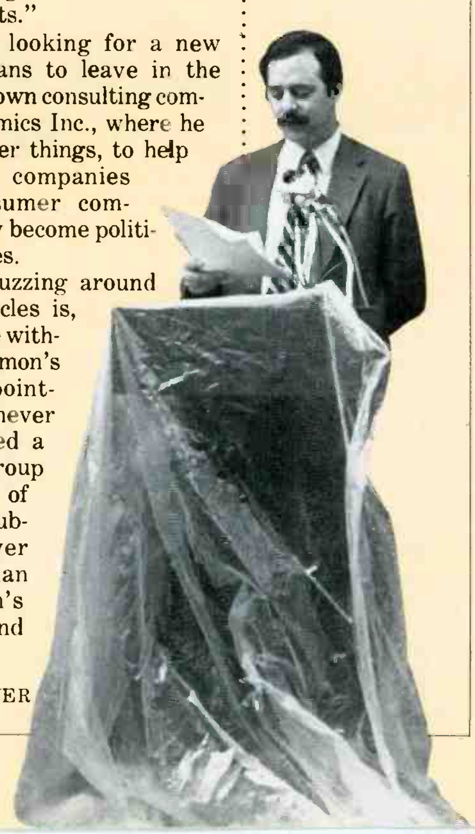
His departure is a reflection of the times. Federal regulators have shown no interest in following any of the programs put forth by media reform groups, and several are struggling—paring down their costs and their staffs—to stay alive.

"It's just not possible to continue as I had," he says, pointing out that with two children nearing college age, his $35,000 salary doesn't stretch far enough. "It's time to go out and make a living."

Simon has been making more waves than money since 1978. At a March 1984 FCC hearing on a proposal to repeal the Fairness Doctrine, Simon attacked not the proposal but the commissioners. It was a waste of time to testify, he said, because it was clear to him from their previous public statements that they had already decided to repeal the doctrine. Then he jumped from his seat and stormed out of the hearing.

Simon's prickly tactics have raised eyebrows among both critics and allies. Adversaries in the corporate world call him a "screamer," which means they think he's too eager to get his name in the newspapers. A public-interest crony chimes in: "I would always have to repair the damage because of Sam's extreme statements."

After seven years at the public-interest pulpit, TRAC's Sam Simon calls it quits.



Now TRAC is looking for a new leader. Simon plans to leave in the spring to head his own consulting company, Issue Dynamics Inc., where he hopes, among other things, to help local telephone companies respond to consumer complaints before they become politically charged issues.

The question buzzing around public-interest circles is, can TRAC survive without Sam Simon? Simon's greatest disappointment, in fact, is never having "developed a major support group for TRAC outside of myself." Fellow public-interest lawyer Gene Kimmelman agrees. "Simon's name is TRAC and TRAC is Simon."

CAROLINE E. MAYER

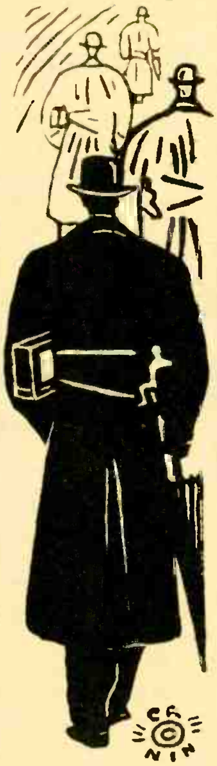
HOME VIDEO MARKET

A VCR in Every Home

When the Southland Corporation gets into the videocassette rental business at 2,000 of its 7-Eleven convenience stores this year, it will become—overnight—the nation's largest distributor of rental tapes. The plans of the giant retailer (7,500 stores) may presage an influx of non-video-related retailers into the videocassette market. In fewer than 10 years more and more VCR owners will rent and buy tapes from supermarkets, pharmacies, and record stores, according to a Wilkofsky Gruen Associates study entitled *Video 1995*, commissioned by the investment banking firm Merrill Lynch.

In 1995, according to the study, 85 percent of American households will own a VCR; many will be renting nearly 70 titles annually. As long as cassette retail prices drop to a range "competitive with hardcover books" ($15 to $20), film distributors will *sell* some 200 million cassette movies to consumers in 1995. Without a blush, *Video 1995* concludes that "with the VCR 'universe' overtaking the pay cable 'universe,' film producers' revenue will be dominated by prerecorded cassettes."

RICHARD BARBIERI



BRIAN CRONIN

HOME VIDEO HARDWARE

Rabbit Redux

The Rabbit is back. Introduced last year, the VCR-Rabbit was originally conceived as a wireless "multiplying" gadget that would transmit the output from a single VCR to any TV set in the house. The FCC shot the Rabbit down quickly, however, claiming that since it was actually a tiny transmitter, it would enable apartment dwellers to impose their television tastes on their neighbors. The new Rabbit, which shows up in stores this month, transmits the signal over a tiny, two-strand speaker wire. But cable operators may still be upset, since the Rabbit also transmits a cable signal to TV sets anywhere in the house from a single cable box. Didn't that used to be called "theft of service"? P.A.

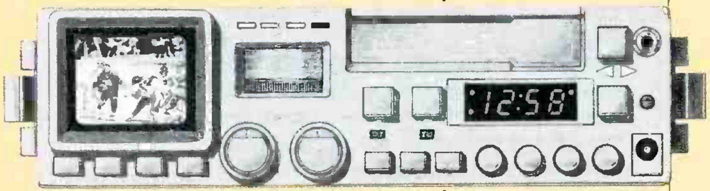
MINI-TV

But Can It Get Cable?

A car radio with vertical hold? It's standard equipment on American Audio of San Francisco's new dashboard car video system, which began showing up in stores a few weeks ago. In addition to AM-FM radio and stereo tape player, the dashboard unit also features a two-inch black-and-white cathode-ray TV screen. There's even a VCR jack for recording and playing back videotapes. But don't plan on taking a cruise to watch *Hill Street Blues.* As a safety measure the TV screen goes black when the car motor is running, and comes on only when the ignition switch is in the "accessory" position.

P.A.

Video-to-Go: Dashboard Video.



VIDEOCASSETTES

Sleaze Freeze

In the good old days of the early 1980s, recalls George Atkinson, president of World Video Pictures, low-budget horror movie *Flesh Feast* sold 2,000 videocassettes to video rental shops. Charging a wholesale price of $26.50, Atkinson earned gross revenues of $53,000. Subtracting $10,000 for the advance against royalties Atkinson paid the producers, and $14,000 for duplicating, packaging, and promotional costs, he was left with $29,000, which would have been enough to warrant producing *Flesh Feast II.*

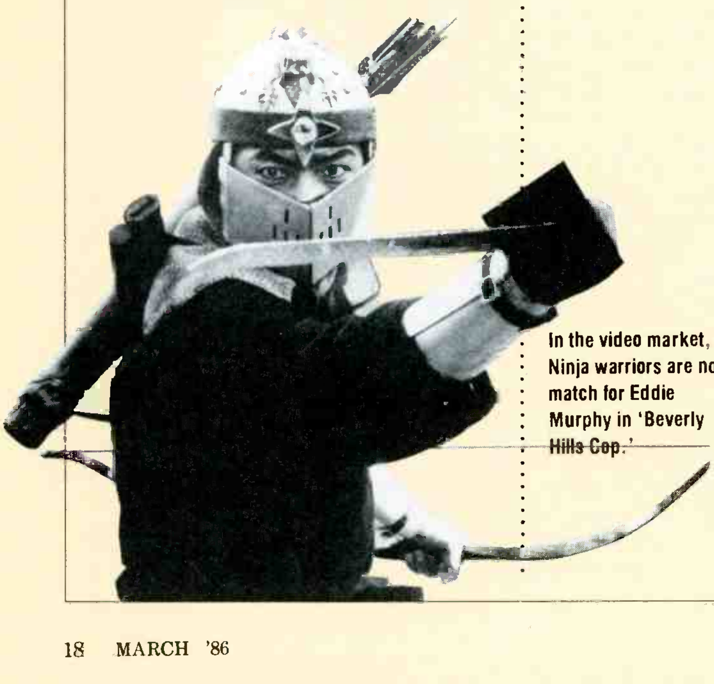
But since the middle of last year, average sales of "B," "C," and "D" cassettes—little-known horror, martial arts, foreign, and made-for-TV movies—have declined by half, while the upfront costs of making the tapes have stayed the same. With Atkinson's potential revenues reduced to $26,500, *Flesh Feast II* might never make it to the rental shops. Atkinson is worried. Programming executives throughout the industry have begun to voice concern over slumping sales of "B" and lesser titles. At the same time, the film industry is reveling in the spectacular combined success of *Beverly Hills Cop*, *Ghostbusters*, and *Gremlins* cassettes. Such "A" titles in movie theaters almost automatically translate into home video smashes.

But as wholesalers and dealers try to absorb the "A" titles from major studios, they have little capital left over to purchase lesser-known titles. Scores of new distributors, meanwhile, have come charging into the market, hoping to exploit the seemingly limitless supply of low-budget horror and martial-arts "Ninja" movies. In mid-'85, suppliers were releasing about 250 of these titles a month. Today that volume has doubled.

Not surprisingly, dealers and wholesalers have stopped trying to buy most of the new "B," "C," and "D" releases. "Video stores are paying more attention to the hits and to the companies supplying them with hits, and less attention to everything else," says Andre Blay, chairman of Embassy Home Entertainment, who first developed the videocassette market for feature films.

The gulf between strong distributors and weak ones is growing. "The market is self-correcting," says Jim Silverman, the president of Continental Video, a small video publisher that scored with an Olympics highlights tape. "Eventually the number of releases per month will go down, because there will be fewer of us around to release them."

PAUL SWEETING



In the video market, Ninja warriors are no match for Eddie Murphy in 'Beverly Hills Cop.'

CABLE TV

Pain in the Access

Six years after newspapers began leasing cable channels, only a handful are making money at it. The American Newspaper Publishers Association (ANPA) estimates that fewer than 70 of the country's 1,700 newspapers today

STEVE BEHRENS

operate leased cable channels (more than 100 have tried), and that very few of those produce live video programming; most operate only text services. There are exceptions—Cox Newspapers, for example, has stayed supportive of five papers' cable operations, one of which has actually made a profit—but for the most part there are losses.

Jerry Prior, who publishes the weekly *Herald-Leader* in Fitzgerald, Georgia, was among the first newspaper owners to lease time from a cable operator. After three years, he gave up on it. Although almost half of the 11,000 citizens of Fitzgerald read his newspaper, his cable channel failed. He blames his inability to persuade local businesses to buy time, despite his $25 charge for 30-second commercials. "Everybody underestimated the difficulty of selling ads on cable," says ANPA's Kathleen Criner. She cites the lack of cable ratings as the primary reason.

Newspapers are having little success with leased access; just ask Chuck Searcy (above).

Chuck Searcy is another who tried and failed. Just a year ago Searcy, of the *Observer* in Athens, Georgia, had the feeling that all of town was watching his Observer Television channel. It was producing truly local programming: high-school football games, sidewalk interviews with people on their way home from work, church services, and election debates. But Searcy started Observer Television with only $60,000. If he were trying again, he says, he would double that amount. Since getting out of leased-access cable, he has consulted with a number of entrepreneurs considering investing in similar businesses. His advice is rarely other than grim. "I go to great pains to not talk of it in glowing terms," he says. R.B.

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WOWK-TV Huntington-Charleston, West Virginia
WMC-TV Memphis, Tennessee
WISN-TV Milwaukee, Wisconsin
WUSA Minneapolis-St. Paul, Minnesota
*KETV-TV Omaha, Nebraska
*WPVI-TV Philadelphia, Pennsylvania
*KGW-TV Portland, Oregon
*KING-TV Seattle, Washington
KWWL-TV Waterloo/Cedar Rapids, Iowa
*Winners

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Television

THE BUSINESS SIDE

BRIAN BAILEY

by Merrill Brown

THE REIGN OF THE MONEY MEN

Out of the turbulent, dramatically changed media world of the first half of this decade has come a new business culture that will be severely tested over the rest of the 1980s. A new breed of media executive—the finance type, who rose to power during what may from a business standpoint have been the best time ever for the communications business—is getting every opportunity to put the industry's guiding free-market ideology to the test.

In the first part of the decade broadcasting became exceedingly rich, cable achieved stability, and the production business began fattening up on new independent-TV and cable markets. Indeed, according to a study by *Forbes* magazine, over the last five years the media led all other fields in earnings growth, while ranking third in both profitability and sales growth.

Deregulation fever and the collapse of the nation's historic support for aggressive antitrust policy combined to create an environment that permitted communications companies loaded with cash to do just about what they wanted with it. In fact, recent concern about growing concentration in the media essentially vanished. Broadcasters bought other broadcasters, newspaper companies bought broadcasters, production and syndication companies combined, and cable seemed headed for a two-tier ownership structure—one of huge system operators dominating a second layer of smaller companies.

Media firms are better run than ever. But can creativity survive?

All this was executed by the new media executives, whose calling was not to produce hits but to be financially ingenious. These money experts have reconfigured the industry's balance sheets, replacing cautious cash-accumulation strategies with a reliance on borrowing. But, though a once cash-rich industry has been burdened by debt to a degree unknown in recent times, those debts actually indicate the ease with which media companies can borrow, and therefore reflect not tough times but good ones. The question for the rest of the decade is whether the new executives will serve their businesses well enough to sustain this prosperity.

At the networks, CBS is headed by Thomas Wyman, whose background is in the food business. He thinks in terms of retail transactions, which may be why he speaks enthusiastically of a future in which CBS might be a major player in home banking, electronic shopping, and pay-per-view television. He has so far demonstrated little flair for, or personal interest in, CBS's traditional broadcasting business. RCA chairman Thornton Bradshaw, an oil company veteran, has chosen to cast NBC's lot into the hands of GE's John Welch, a business strategist trained as a chemical engineer. And at the new Capital Cities/ABC combine, the network is being taken over not by people with fundamental experience in producing national news and entertainment, but by financial people, astute at the vastly different business of running highly profitable local television stations.

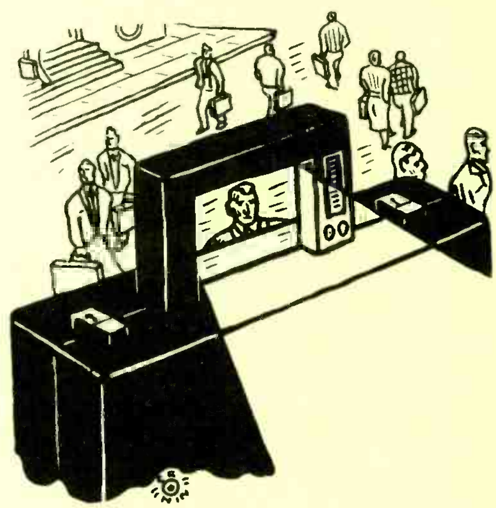
Just about anything goes nowadays in the acquisition and regulatory arena. For the new media owners and managers, the "special responsibility" that once went with running licensed communications properties has virtually vanished. The environment has changed so that it is now impossible to imagine the Justice Department challenging any media buy.

In many ways, this is just what the broadcast and cable industries hoped to bring about by their zealous lobbying for deregulation. One result of it all, however, is that many in broadcasting have lost their jobs and undoubtedly many more will. The era of paternalistic media ownership is just about over.

There's good and bad in that. Without question, media companies are better run today than they have ever been. Financial controls are tighter, even though lavish, pretentious living still goes on in some quarters, and even though news and entertainment "talent" still earns remarkable incomes. The risk in the change is that the costly art of producing high-quality entertainment and journalism will suffer.

For the impact of all these big deals on balance sheets and short-term stock prices will only ensure the continued preeminence of the finance experts—particularly in publicly traded media companies anxious to keep their earnings growth intact. In the new media world, run by the folks on "the business side," the challenge will be to nurture creativity and journalistic values while respecting the bottom line. But if certain growing trends give any indication—for instance, the aversion to risk among executives in both entertainment and journalism—all this change might be taking its toll in ways not reflected by quarterly earnings. The credibility of national news operations may be only one of the valuables slowly slipping away.

The dealmakers insisted, as 1986 dawned, that there were more deals to come. But it is in 1986 that their work and the pressures they've put on the new managers will start to be measured. ●



BRIAN CRONIN

PUBLIC EYE

BRIAN BAILEY

by Les Brown

G.E. RAISES THE STAKES

The network television system has withstood with remarkable resiliency the shocks and tremors from cable, home video, and other new technolo-gies. But nothing in the communications revolution has rocked the industry as forcefully as a single business transaction threatens to do—namely, General Electric's purchase of RCA, the parent of NBC.

Coming as it did amid a general wave of media acquisitions and mergers, GE's buy seemed at first blush no more significant than any of the others, except for being the largest of them, at $6.3 billion. But in fact on the day the purchase is final the new company will alter the configuration of the broadcast landscape and establish a new hierarchy of television power.

Consider that in recent times network television has been a contest among three firms of similar profile and comparable means. Only a year ago, CBS Inc. had $4.9 billion in revenues; ABC Inc., $3.7 billion; NBC, about 40 percent of the revenues of RCA Corporation, a $10 billion company. While it's true that by this standard RCA was twice the size of corporate CBS, the manufacturing company had so many faltering enterprises that it was perennially dependent on NBC's profits. Such parentage gave NBC no distinct economic advantage over its rivals; indeed, CBS-TV for years was perceived as the largest of the networks, or at least as first among equals.

But this is how the picture looks today—or will look when the GE/RCA merger is consummated: CBS, after folding its toys division and selling off its St. Louis TV station, has become the smallest of the network corporations; ABC, through its acquisition by Capital Cities, has grown into a substantial media conglomerate, slightly larger than CBS used to be; and NBC has become the arm of a $38 billion multinational colossus. Farewell to the good old days of Nielsen competition, now that one of the companies is capable of eating the other two alive.

If network television were poker, the new player could, if he chose, drive the pikers out of the game.

If network television were poker, one player today could raise the stakes to a point the others could not afford and, if it chose, drive the pikers out of the game. It's as though General Motors sat down to play in a closed game with American Motors and Renault. This is not exactly a new situation in broadcasting. During the '60s, when ABC was an impoverished network desperately looking for the road to profitability, CBS and NBC could have pushed the smallest network under simply by raising the price of operating—by paying higher rates to affiliates, for example, or by adopting more expensive forms of programming. Looking back, it's clear that ABC survived its crisis years only because its rivals, whether out of kindness or neglect, didn't play hardball.

What happens when GE becomes a network owner will depend to some extent on the company's motives for getting back into the television business in a big way. (It's to be remembered that GE, before it purchased RCA, stood in the wings as CBS's white knight during Ted Turner's move on the company.) One suspects its aim was not simply to add another cash cow to the herd but to acquire power—the unique and redoubtable media power. If so, then GE is likely to deal quite unsentimentally with the existing television system; its entry will inevitably change the character of the game and perhaps also, in time, the economy of television.

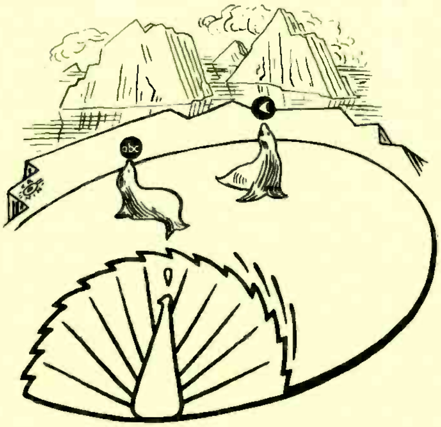
There is little doubt that, given its huge resources, NBC-TV will have a lock on first place in the Nielsens. The money to sustain such dominance—with the biggest shows, huge marketing campaigns, and, if necessary, some program piracy—is assured.

What this may mean to the viewer, on the positive side, is a welcome end to the three-network lockstep that has resulted in each providing similar programs all hours of the day, making commercial television one service in triplicate. Being well-heeled, the new NBC could provide, if it wished, the kinds of cultural and informational programming the other networks have been eschewing for the sake of the bottom line.

But there is legitimate cause for uneasiness when a single giant corporation—particularly one that is a major defense contractor—becomes the leading information provider for the country. For all its faults, the old alignment of networks had a built-in system of checks and balances that served the public quite well.

NBC officials express confidence that the new owners will not interfere with the content of news any more than RCA did. Maybe not, but even if there should be no overt tampering, all divisions of a company—news no less than the others—are subject to messages transferred by a kind of corporate osmosis. Every part of a well run company gets a clear sense of what top management wants.

These concerns are tempered by the fact that television is a business that seeks equilibrium. CBS and ABC will surely find it intolerable to live in the shadow of a superpower. To stay even, both are likely to seek marriages with companies of GE's approximate size. There's a good chance that GE's acquisition of RCA wasn't the merger to end all mergers but only the start of another round of takeovers. ●



BRIAN CRONIN

GOING FOURTH

by James Traub

POWERFUL FORCES are reshaping television. The swift growth of independent stations and the advent of satellite distribution and barter syndication are coming together to create new networks. Some kind of fourth network—television's great jinxed vision—seems attainable. And no one is making a stronger run at it than Rupert Murdoch.

On the morning of September 4, 1985, Rupert Murdoch, formerly of Australia, stood amid a crowd of immigrants in a courthouse in lower Manhattan, dreaming perhaps not of liberty and justice but of daytime and prime time, syndication and barter. Only a few antique phrases separated him from the glorious battlefield of American television. He raised his right hand and said, "I hereby declare, on oath, that I absolutely and entirely renounce and abjure all allegiance and fidelity to any foreign prince, potentate, state, or sovereignty, of whom or which I have heretofore been subject or citizen. . . . " And so Rupert Murdoch, his accountants and his lawyers and his bankers, his experts and his strategists, his vicar Barry Diller, and his mighty worldwide cash flow began to lay siege to that grim, moated fortress of American culture, the three-network system. In the 16th century Henry IV converted to Catholicism to gain the crown of France; now Rupert Murdoch has discarded his Australian citizenship to gain the right to buy the Metromedia television stations. "The fourth network," Murdoch might have said, echoing Henry, "is worth an oath."

Throughout television's brief history the idea of a fourth network has exerted the fatal attraction of a jinxed vision. In the '50s DuMont rose and fell. The United Network beamed briefly from Las Vegas in the '60s and flickered out. In the late '70s Paramount considered a fourth network but couldn't make a go of it. And Metromedia tried and failed in the early '80s. Now there's Rupert Murdoch, the one-man media conglomerate. The apparent sanctity of the three-network system, the failure of previous challenges, has lent an air of hubris to the words "fourth network." Murdoch and Diller, the chairman of Fox Inc., have employed various coy locutions, such as "fourth force," to avoid pronouncing the magic words, but the two have already restructured the new company to create the brazenly named Fox Television Network. And sources at Fox and elsewhere in Hollywood confirm that Fox plans to offer, probably this fall, a one-night-a-week package of prime-time shows—a daring start. If only because of their boundless ambition and restlessness, Murdoch and Diller are almost certain to go for fourth. Others could, too, but they lack the will, or the recklessness, or perhaps what Gerald Jaffe, head of research at NBC, bluntly calls "the testosterone flow."

> Murdoch: No one "has tried [a fourth network] who has our experience."

The cranking up of the Fox Network is the most exciting piece of theater in the increasingly dramatic world of independent television. It's a battlefield scene in which Rupert Murdoch plays

ROGER RESSMEYER/PEOPLE WEEKLY/© 1985 TIME INC.

the impossible force, and the three-network system the immovable object. And yet . . . one hesitates to clear away the smoke and grapeshot, but the scene may be a trifle stagy, even miscast. The three networks are not at all immovable; quite the contrary. And yet the tide that is running against them may be running against a fourth network as well. Murdoch may have to reconcile himself to a diminished grandeur—first among equals, if all goes well, in the world of independent television. As one Metromedia executive put it, "Putting up a fourth network now would be like jumping into American Motors stock in 1968." Of course this executive demanded anonymity. "I don't want to be the one to kill off the rose."

How many planets are there? Nine. How many sins? Seven. Networks? Three. The three-network system almost seems to be part of the natural order. Yet in the distant principalities of independent television that system is already being denigrated, as if it were the Holy Roman Empire on its last legs. Kevin O'Brien, manager of Metromedia's New York independent, WNEW, reaches for a suitably apocalyptic image when he says, "A day of reckoning is coming."

Four forces have combined to open up the network system to outsiders. First, and most astonishing, the number of independent stations has quadrupled to 300 over the last dozen years. The three networks came into being solely to provide advertisers access to a national audience; now advertisers can use independent stations to reach that audience. Second, those stations have become increasingly receptive to original programming. Competition has driven the prices of network reruns so high that even the most conservative stations in a supremely risk-averse business see the virtues of "first-run" programs. The market for these shows, though still nascent, has swiftly expanded to include not only game shows and cartoons but sitcoms, "reality" programs, and costly specials. These first-runs have done wonders not only for the independents' self-image but for their attractiveness to advertisers.

In order to exploit this emerging combination of national reach and first-run programming, a third major trend, barter syndication, has come into being. Programs used to be syndicated for a cash fee. But with barter the syndicator reduces the price and instead keeps several minutes of advertising time. If he can barter the show to enough stations to reach a national audience, the syndicator can then sell the reserved time to a national advertiser—just as the networks do. By 1990 the value of barter is expected to triple, to $1.5 billion. "From an advertising point of view," declares Richard Robertson, president of the powerful new Lorimar-Telepictures combine, "there already are four networks—CBS, NBC, ABC, and barter syndication."

Finally, the Federal Communications Commission declared open season on three-network hegemony by raising from seven to 12 the number of stations a single owner could own. In the ensuing consolidation frenzy the Tribune Corp. reached the first rank of station groups by buying KTLA; the already powerful Group W purchased another Los Angeles independent, KHJ; one modest station group, Taft, bought a larger one, the Gulf Broadcast Group; and one man, Rupert Murdoch, spent a mind-boggling $2 billion to buy Metromedia, the country's most powerful station group (see chart). Suddenly a fourth network no longer seems unthinkable.

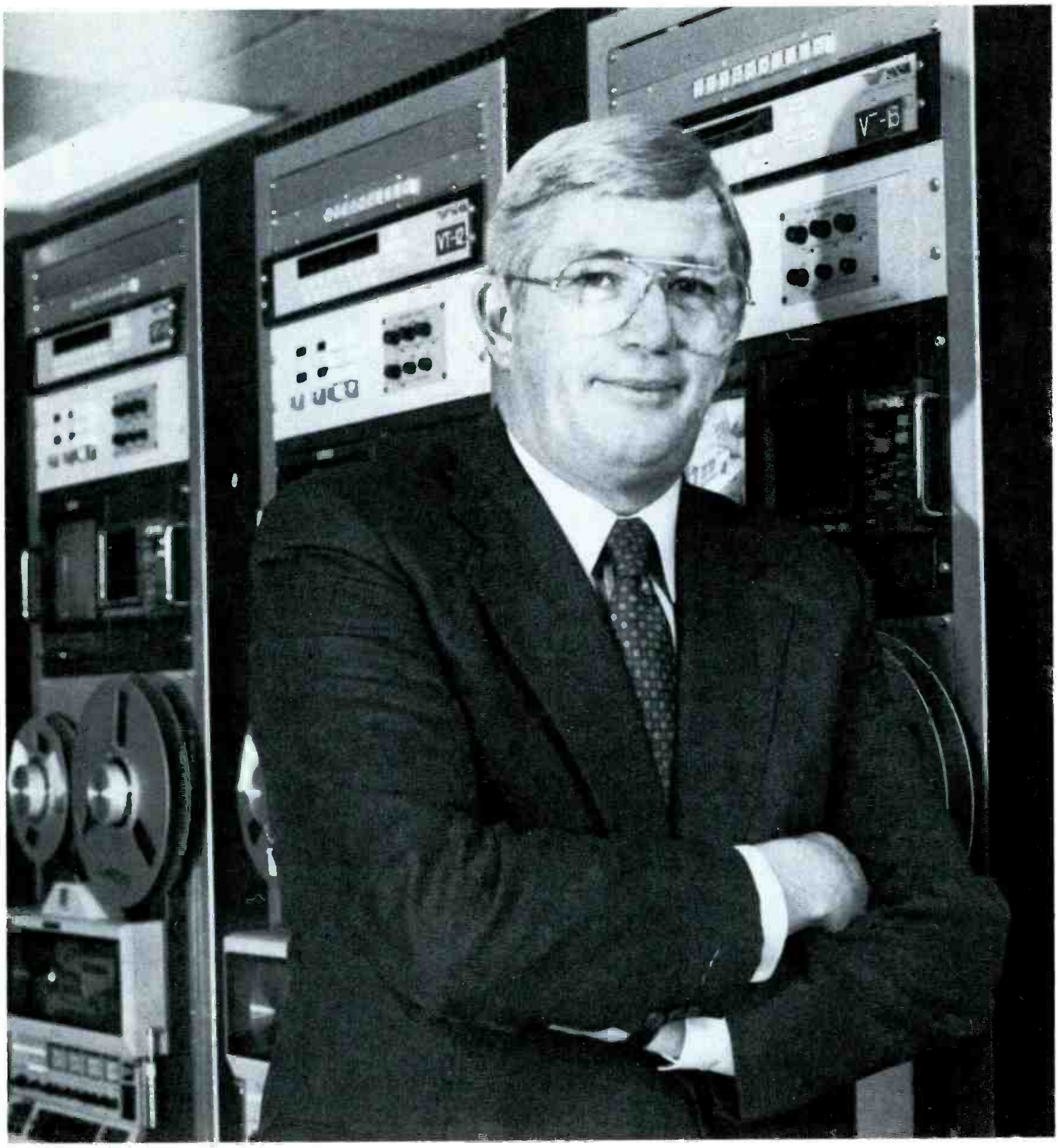
Bob Bennett has some time on his hands these days. No piles of papers obscure the copy of *Executive Golf* on his desk. In his Bel Air country club sweater vest—no jacket or tie—Bennett is happy to spend a few relaxed hours chatting about his past and future. Rupert Murdoch has bought Metromedia out from under him, and when the transaction is complete Bennett will cash in

Four Who Could Be Fourth

STATION GROUP	20TH CENTURY FOX	TRIBUNE	GROUP W	TAFT
STATIONS OWNED	New York—WNEW Los Angeles—KTTV #Chicago—WFLD #Dallas—KRLD Washington—WTTG #Houston—KRIV	New York—WPIX Los Angeles—KTLA Chicago—WGN #Atlanta—WGNX #Denver—KWGN #New Orleans—WGNO	Los Angeles—KHJ (purchase pending) Philadelphia—KYW San Francisco—KPIX Boston—WBZ Pittsburgh—KDKA Baltimore—WJZ	#Philadelphia—WTAF #Dallas-Fort Worth—KTXA #Washington—WDCA #Houston—KTXH Miami—WCIX St. Petersburg—WTSP Phoenix—KTSP Kansas City, Mo.—WDAF Columbus, Ohio—WTVN Cincinnati—WKRC High Point, NC—WGHP Birmingham, Ala—WBRC
SERIES PRODUCED	Premiere 1 movie package Dance Fever $100,000 Pyramid *Banko—Game show *Dream Girl USA—Weekly beauty pageant *9 to 5—Revived network sitcom	TV Net movie package (with Viacom) Dempsey & Makepeace At the Movies Comedy Break Soul Train US Farm Report The Smurfs and the Magic Flute GI Joe Ghostbusters (with Group W)	Hour Magazine PM Magazine He Man She Ra Ghostbusters *Fun For the Money—Game show *Let the Good Times Rock—Weekly music show *Beauty Affair with José Eber—Daily talk show	The Jetsons The Funtastic World of Hanna-Barbera The Challenge of the GoBots The Pound Puppies *Throb—Weekly sitcom *For the People—Daily half hour talk show *The Frame Game—Bowling game show *Rambo—Cartoon *Centurions—Cartoon

Stations marked with # are UHF. Shows marked with * are new offerings, and have not yet been syndicated.

Tribune CEO James Dowdle: "'Fourth network' is an overused cliché."


JOHN B. REILLY

NETWORK GLOSSARY
In the new world, networks will come in many sizes:

Micro-network: One show, nationally syndicated; one TV executive calls them "networklets."

Mini-network: A package of shows, run in a single daypart.

Macro-network: What the Big Three have—a full day of programs; a committed lineup of affiliates.

Meta-network: An international network such as Rupert Murdoch is thought to seek.

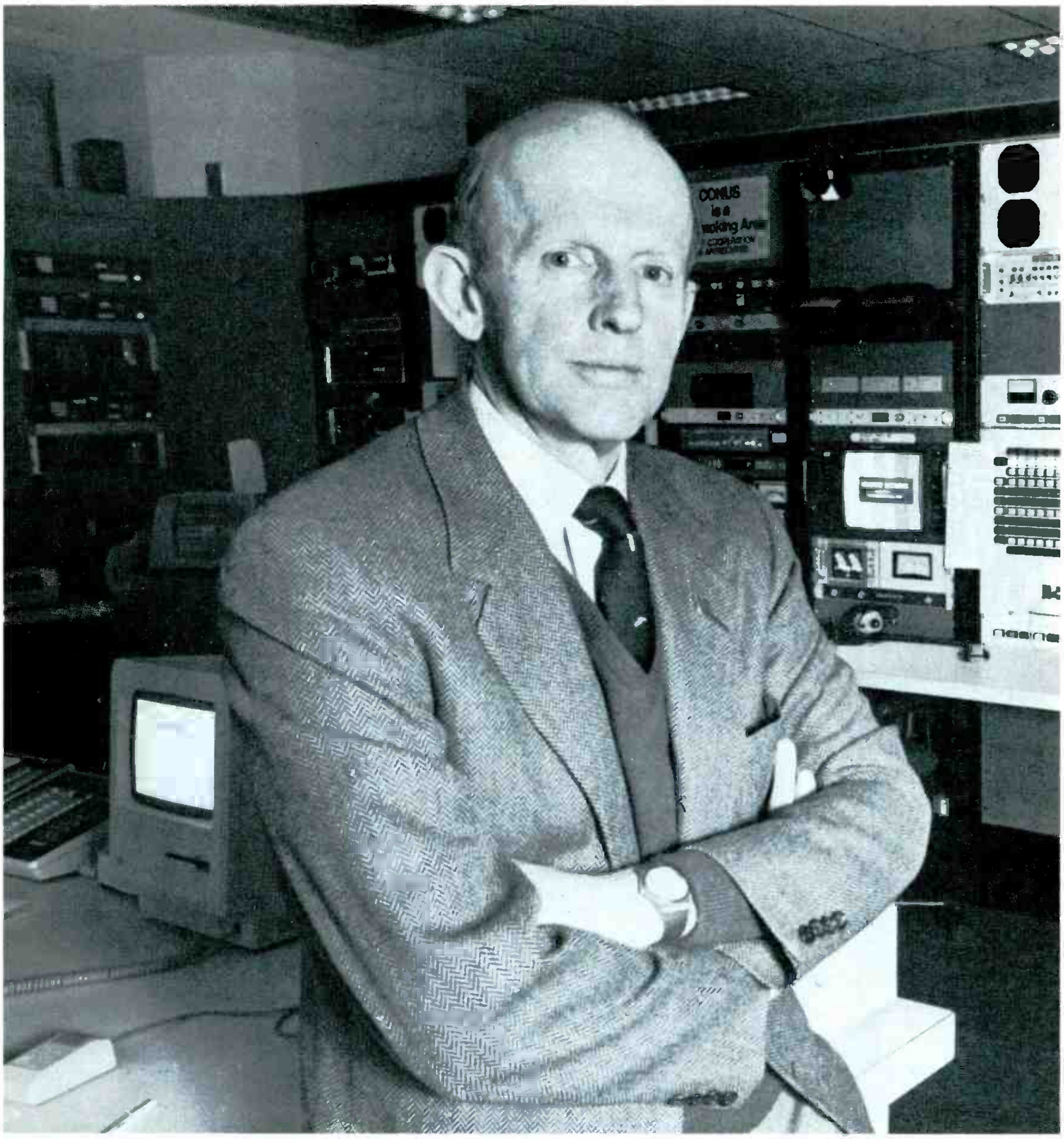
his shares for an estimated $25 million and take a vacation. But only a few years ago Bob Bennett definitely had the fourth stuff. After a brilliant tenure as manager of ABC's Boston affiliate WCVB, Bennett was appointed president of Metromedia Television in 1982. Widely considered a broadcasting genius, he set out to earn his reputation. He was going to take Metromedia to new heights, perhaps to the fourth network.

Bennett saw, as few others did at the time, that station groups could both decrease their costs and improve their image by creating original programming. Starting in 1984 he took Metromedia into first-run television in a big way. He founded the Metromedia Producers Group with several other station combines, and was instrumental in reviving the canceled network series *Fame* and *Too Close for Comfort* for first-run syndication—a startling innovation that has since become commonplace. Then he put Metromedia itself into the programming business. He tried and failed to lure away a network star to anchor a nightly news show. He produced *Thicke of the Night*, a late-night talk show that could, he said at the time, mean "Armageddon" for Johnny Carson and even NBC itself. Bennett also backed *Rituals*, a prime-time soap, and *Breakaway*, a newsmagazine show, and personally created *Onstage America*, a two-hour variety show. They were gaudy, big-budget shows, and they were going to prove conclusively that the network monopoly was kaput. Stations signed up; advertisers signed up; they believed in Bob Bennett.

None of the new shows lasted beyond a year. Metromedia and its fellow producers lost millions of dollars—$16 million in the case of Telepictures, which had developed *Rituals*. Bennett lost some of the glitter from his reputation.

Henry Siegel came to grief on similar shoals. As the chairman since 1976 of LBS Communication, television's first and now largest barter company, Siegel, like Bennett, was an innovator. He did so well setting up networks for other producers that he decided to make one for himself. It would be, he planned, a small-scale version of a fourth network—a package of four half-hour shows aired at the same time all over the country. And it would air in daytime—"a great wasteland for the independents, and a great need for the advertiser," as Siegel had long believed. In 1983 Siegel began talking to Tribune, which agreed to line up stations, and then to the production community in Hollywood. With backing from Coca-Cola, which owns Columbia Pictures, Siegel put together the Inday network. It would begin with the *INN News*, rechristened *Inday News*, and then move on to 90 minutes of top-notch "reality programming"—*All About Us*, *It's A Great Life*, and *What's Hot, What's Not*.

Inday went on the air last September. Siegel expected a 2 or 3 rating; he got a 1, and a good many "hash marks"—Nielsenese



ROB LEVINE

Satellite prophet Stanley Hubbard: "Networks as we know them are not going to exist in a few years."

for imperceptible. After a month even the Tribune stations refused to keep Inday on the air; *Bonanza* reruns came back, and so did the viewers. Inday cost $25 million, split equally between LBS and Coca-Cola. "I would describe it," says Siegel, who clearly finds the episode painful, "as a dismal failure."

So what happened to these ingenious visions? They seemed to have it all—the shows, the sponsors, the stations. Perhaps we may adopt a rule: Fourth networks look great in prospect, and terrible in retrospect. Fourth networks are almost inherently imprudent. When a single syndicated show fails, well, that's life (though Paramount spent $22 million on a single failure, *America*); but an entire network can fall with a truly rending crash. And so much can go wrong. A syndication deal is only as strong as its weakest part—station clearance, advertiser interest, program appeal. Bob Bennett makes a very persuasive case that it was the stations that failed him, by shedding *Thicke* like last year's fashions the moment the show failed to demolish Carson. A first-run show, he argues, "has to be a phenomenon to work; otherwise the plug is pulled."

Of course, no producer ever blames a show's failure on the show itself. But it is the shows, normally, that are at fault. Siegel refused even to make available a cassette of either of the two Inday shows that were yanked from production this past fall. But *What's Hot, What's Not*, which can still be seen on the air, at least for the moment, is a crude imitation of such polished network rubbish as *That's Incredible!* Bob Bennett has more experience as a producer, but students of programming watched with incredulity as he wheeled out *Onstage America*; even he admits that it was ill conceived. Most networks shows look as easy to imitate as fast food, especially such formulaic genres as the soap opera. But they're not; programming—even banal programming—is a mystic art. Herein lies a profound moral, and Joel Chaseman, the head of the Post-Newsweek station group, puts it succinctly. "We can all do the deal. The question is, can we do the show?"

James Dowdle, the chairman of Tribune, does not need any cautionary tales to curb his ambitions. Caution is part of his nature. Dowdle is a very large, very calm, very deliberate man; he seems to find the very words "fourth network" vainglorious and flashy—an "overused cliché," he says. As a hardened broadcast veteran—he used to sell ad time for independent stations—Dowdle is deeply skeptical of grandiose projects. Over the last five years this genial ex-Notre Dame basketball player has led Tribune from anonymity to a level of celebrity that both he and the company may still be adjusting to. "Jim is sort of coming out of a cocoon" is the way media consultant Anthony Hoffman expresses it. With the purchase of KTLA, Tribune, which already owned stations in New York and Chicago, among others, joined Metromedia in the forefront of station groups. But prudence remains the password. "You've got to crawl before you can walk," says Dowdle, not altogether averse to the overused cliché.

The purchase of KTLA made Tribune a programming force overnight. Anyone who can "clear" the nation's three largest markets with a new program has a good shot at persuading advertisers and stations to join in. Sheldon Cooper, another grizzled veteran, who runs Tribune Entertainment, reports that program ideas "have been coming in through the doors, the windows, everywhere" since the KTLA deal was announced. But Tribune still makes little of its own programming, preferring joint ventures, which minimize cost and risk. What programming it does produce has an almost scattershot identity: *Soul Train* and *U.S. Farm Report,* cartoons and the highbrow talk show, *At the Movies*. With London Weekend Television, Tribune coproduces a 60-minute adventure show, *Dempsey & Makepeace*. It distributes, with Viacom, a package of movies called TV Net. Tribune's involvement with Inday, typically, caused little financial harm, and Dowdle casually shrugs the whole thing off.

Now that Tribune owns KTLA, will it start throwing those big Midwestern elbows around? Just ask Jim Dowdle. Dowdle leans way, way back in a chair to reflect, rolling a cigarette slowly between meaty thumb and forefinger. "The progress of our original programming," he says, slow and deliberate, "will be slow and deliberate." And it will not, at least for the immediate future, include prime time, according to Sheldon Cooper. Tribune will have its fingers in every pie save the big one. Cooper speaks of an upcoming sitcom, and a two-hour special this spring about the unsealing of a vault in a Chicago hotel that once served as Al Capone's headquarters. Tribune will do whatever makes sense for its own station group; but it's not likely to exhibit fourth network hubris. "Remember," says one of Tribune's co-venturists, "they're located in Chicago. The marketing end of the business is in New York, the creative side is in Los Angeles, and Tribune is in-between."

Stanley Hubbard, founder, owner, and chief theoretician of the Conus network, has made a sincere effort to explain to Rupert Murdoch that he, Murdoch, is living in the past if he has a fourth network in mind. "We had a couple of meetings," says Hubbard. "I tried to explain it to him and his guy. What's that guy's name?"

Barry Diller.

"Right. Barry Diller. I wish him well. But Diller's going to have to come to the realization that you can't do it through the C-band." Murdoch, says Hubbard, is "a fine gentleman"; but Hubbard's not sure he got the point.

Stanley Hubbard may have as much of the fourth stuff as Rupert Murdoch and what's-his-name. This television veteran—Hubbard owns stations in Minneapolis and three other cities—is a smasher of icons. He believes with a truly visionary fervor that networks are on the verge of disappearance. He has trouble finding anyone to agree with him, but that's the way it is when you're a prophet. Hubbard's argument runs as follows: In the old days, when programs were sent around the country by AT&T landlines, or even "bicycled" from station to station in tape form, networks were so expensive and cumbersome that nobody but the three juggernauts could afford to keep one going. Stations waited like little chickies to be fed by the network mother bird. Then television discovered satellite distribution and the "satellite network." Anyone with a program could relay it around the country via satellite; any station with a receiver could select from a wide range of shows. The satellite revolution meant that networks could be as transitory as rain showers, and just as common.

Stanley Hubbard means to be the networker of the satellite age. He has leased four transponders on RCA's K-2 satellite, which operates in the Ku-band rather than the lower-powered C-band. Soon most of the country's stations will have a receiver trained on K-2, since RCA is giving the receivers away to stations, and Hubbard is offering transmitters cheap. The idea is clear as crystal—at least to him. On the one hand, he can use his four transponders to supply his own programs to any station with a receiver, thereby creating his own network. On the other, any station wishing to create a network can distribute its programs through Hubbard's Conus system. He will offer advertisers like Procter & Gamble or Bristol-Myers the opportunity to sponsor their own shows, as they did 30 years ago (and as they occasionally do today). Conus will be a shifting, headless, democratic network. "Mark my words," says Hubbard. "You can't stop it."

Well, maybe you can stop it. Lousy programming, to take only a single impediment, can stop anything; and Bristol-Myers has not been compared recently to Universal. But even if Conus is wrong, Hubbard is right. Advertisers, analysts, independent station owners—everyone save the networks—agree that broadcasting is evolving away from monolithic networks. The satellite, and the abundance of programs that it makes available, has increasingly eroded the hegemony of the networks. Television, like the world itself, is growing increasingly polycentric and democratic; colonialism is getting harder to sustain. The new world may be ruled not by three macro-networks but by a crowd of micro-networks—transitory arrangements with the life-span of a single show. Why even contemplate a fourth network? Why even try? Testosterone, perhaps.

Rupert Murdoch bestrides the narrow world like a colossus. Few media firms are larger than his News Corporation Ltd., and in fewer still does one man exercise such unquestioned authority. He owns 80 newspapers and magazines, including *The New York Post, The Times of London*, and such hugely successful tabloids as *The Star* in the United States and *The News of the World* and *The Sun* in England; an Australian television network; the Sky Channel satellite program service in Europe, and several dozen other ventures he's picked up more or less by the way. It's an astonishing collection, and it attests not only to Murdoch's insatiable empire-building but to his flair for the almost-lost cause. (Nobody but Murdoch, for example, would touch the *Times*, which is supremely immune to profit.) Murdoch is sure to be deeply instructed, but very little daunted, by the dozen or so arguments against a fourth network.

From all reports Murdoch has yet to decide how to program the Fox Television Network, so speculation about his plans must depend in part on his past. (Both Murdoch and Barry Diller declined to be interviewed for this article.) Murdoch is of course primarily famous for his habit of buying plodding, unsuccessful papers and turning them into bug-eyed tabloids. Murdoch follows in the tradition of Hearst and the "yellow press," though his purchase of the *Times* suggests a man no less ambitious for social stature than for wealth and power. At this point it seems unlikely that he will ever secure his good name in the world of newspapers. The English have known him for years as the tabloid king of Fleet Street; here he has become such a bogeyman that in 1982 the editors and reporters of the *Buffalo Courier-*

Daypart Networks

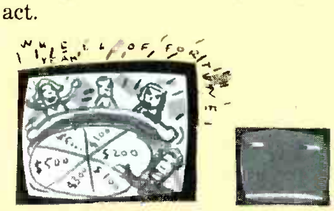
When television people talk about a fourth network they normally have in mind something greater than a nationally syndicated program or two, but far less than the 12 to 15 hours a day the networks send to their affiliates. At least at its inception a fourth network would probably consist of a package of shows occupying all or most of a single daypart. And the question that programmers and the larger army of would-be programmers love to debate is: Which daypart? Each one has its own attributes, as if the broadcast day were a lifetime and its parts the various ages. Prevailing wisdom runs as follows (times listed are for Eastern and Pacific Standard Time):

Daytime (noon to 4 P.M.): Around noon, when network affiliates begin carrying soaps, a fourth network probably has its greatest opportunity. Independents counterprogram with news, cartoons, and game shows, and generally suffer in the ratings. But since the cost of daytime programming is relatively low and stations are allowed to show plenty of commercials, this daypart is considered the potential gold mine of first-run syndication.

"Whoever approaches a fourth network should do it in daytime," says Bob Bennett, the former head of Metromedia Television. "You've got maybe 300 ad minutes a week in daytime. If you can go from a 1 rating to a 3 between noon and 3 P.M., you wouldn't know what to do with the money." The fourth network needn't even make the shows itself; as cable programmer and broadcast veteran Reese Schonfeld points out, advertisers like Procter & Gamble and Bristol-Myers are eager to produce and sponsor shows in daytime. The problem is, what kind of programming do you try? Ever since the success of *Wheel of Fortune*, game shows have been coming out of the woodwork; but games generally have mediocre ratings and poor demographics—too many old folks watch them. Soaps are great, but they take years to catch on. What's left is "reality" programming, which is why Inday wound up with three virtually identical half-hour shreds of glitz following its news show. And Inday bombed. A lot of programs have died fighting the soaps.

Early Fringe (4:30 to 7 P.M.): This is prime time for most independents. For much of this period the networks feed no programs to their affiliates, which generally air informational shows, such as the ill-fated *America*, and news. Independents, meanwhile, are showing reruns of network series, above all sitcoms. This is when they get their best ratings, though they may switch to first-run shows as the costs of purchasing off-network fare become even more horrendous: They now cost $100,000 an episode or more. These skyrocketing prices will give fourth-network programmers a golden opportunity to develop and sell original sitcoms and action shows.

The late part of daytime and early part of early fringe—from about 3:00 to 5:00—increasingly belongs to kids. Group W Productions already has a virtual Monday-to-Friday network of animated shows, including *He Man* and *She Ra*. Other programmers are eager to get into the act.



Prime Access (7:00 to 8:00): During the latter half of this period federal regulations effectively prevent the networks from sending their affiliates programming. Viewership during this period is now beginning to peak, and the affiliates generally gobble up the monster hits of first-run syndication: *Wheel of Fortune, Entertainment Tonight, People's Court*. Independents who air reruns or game shows are eager for a higher-profile original show.

Prime Time (8:00 to 11:00): Fourth-network watchers split down the middle on this one. If you can't spend about $1 million an hour for programming, you don't belong at the table. Is it worth it? No way, says Bob Bennett, speaking from painful experience. "Why should a fourth network expect to be anything but last in prime time?" NBC's Gerald Jaffe points out that "you can lose money in prime time in numbers big enough to scare even Rupert Murdoch." Most studios now sell movie packages to supply much of the independents' prime-time needs.

But hard-nosed consultant Anthony Hoffman snarls at this pusillanimous logic. "It's a time period," he says, "when it's a 'no guts, no glory' kind of thing." Independents, he adds, are tired of "rolling over and playing dead in prime time." Others agree that prime time is the independents' best prospect. Until now no weekly series has stood up against the three networks during prime time, though such specials as the Operation Prime Time movies have done well. Perhaps Rupert Murdoch and Barry Diller will put their guts on the line in search of some prime glory.

Late Fringe (11:00 P.M. to 1 A.M.): very tough. The network monopoly on prime time carries over to the wee hours. Independents score well with off-network fare; but no first-run show has cut deeply into affiliate ratings since *Mary Hartman, Mary Hartman*. Still, the audience is now flush with coveted young adults, so first-run programmers consider late fringe an important challenge. The failure of *Thicke of the Night* may have scared off talk show prospectors. J.T.

ILLUSTRATIONS BY JUAN SUAREZ BOTAS

Express decided to "die with dignity" rather than be taken over by Murdoch. A potential takeover victim once memorably compared selling Murdoch a quality paper to "giving your beautiful daughter to a gorilla."

In his first few months in the broadcasting industry Murdoch has been accorded what must be a gratifyingly warm welcome. When he spoke his first official words to the broadcast industry, in a January speech at the independent television convention in Los Angeles, a packed hall listened raptly for any news of his plans (he gave none) and interrupted him with applause. Murdoch was greeted almost as a symbol of the independents' new sense of self-esteem, though at the time he hadn't formally taken possession of Metromedia. Those who have met Murdoch uniformly describe him as charming, insightful, and remarkably attentive. This may have something to do with his unique talent for creating first impressions. But Murdoch has also found that in the television industry no one will prate of gorillas and beautiful daughters. He speaks television's language with supreme fluency and gusto. What is abused in the print media as "pandering" is saluted in television as a flair for "product that is popular in the true sense," as media consultant Anthony Hoffman puts it. Murdoch has, in effect, been doing television all his life—substituting pictures and giant headlines for the vexing nuances of print, diminishing the news to the level of soap opera and raising soap opera to the level of news. One recent morning the *New York Post*'s front page carried the twin headlines NEW TERROR WAVE ALERT WORLDWIDE and CHRISTIE'S A MOM! What have we here, after all, but the beginning and end of the average local news show?

So what will Murdoch do? He'll make, or back, lots of shows. In his speech at the convention he urged a passionate commitment to original programming—a salesman softening up his customers. Murdoch seems likely to try what he knows best—news. Murdoch, like much of the broadcast industry, considered buying Ted Turner's Cable News Network, though it's not clear how seriously. But he might be less interested in traditional news, with its tedious fidelity to the day's events, than in a sort of *New York Post* of the air—what he tactfully called "fringe news" in an interview with *People* magazine. When it comes to gossip and scandal, after all, Murdoch owns the franchise. What else he might do is difficult to predict. In the *People* interview he auditioned for the role of responsible broadcaster, sticking up for live programming and kids' shows, fixing a stern parental eye on "explicit sex." ("Maybe I'm out of date," said this old-fashioned moralist.) Fox officials have been telling Metromedia station managers, according to one of their number, that Murdoch is interested in high-quality programming, not schlock. Yet he has programmed both his Australian network and the SkyChannel with standard American fare and American-style shows, and there is every reason to think that his taste here will be as conventional. It is his immense business shrewdness, and his willingness to take risks, that will distinguish him from his fellow moguls.

Barry Diller is one of the few men in Hollywood to share Murdoch's almost mythic aura of omnicompetence. He first earned this reputation at ABC, where he was responsible for such hits as the movie of the week. Later, as chairman of Paramount (he was lured to Fox by Murdoch's predecessor, Marvin Davis, in 1984), Diller was responsible for such blockbusters as *Beverly Hills Cop*, as well as perhaps the most profitable first-run syndication shows ever made, *Entertainment Tonight*. Diller became so impressed with the potential of the first-run market that in 1977 he and his lieutenants seriously plotted a Saturday night network consisting of a movie and an episode of *Star Trek*. This fourth network never even got beyond paper—advertisers refused to bite—but Diller must have learned a great deal about the complex deal-making involved in first-run programming.

Diller is given credit not only for his taste but for his powerful presence as a businessman. In a world where toughness leaves a deeper impression than creativity, Diller is considered very tough—even by his new boss. One Hollywood producer recalls a conversation with Murdoch in which, "when he told me how he admired Diller above all, I asked him why. 'Because,' he said, 'at Paramount Diller was successful in keeping the champagne corks from popping.' And I said, 'Pardon me?' And Murdoch said, 'He is a very intense, bottom-line-oriented, non-Hollywood kind of guy.' " Diller, in other words, is no likelier than Murdoch to do anything suicidal merely in order to gratify his ambitions.

Rupert Murdoch and Barry Diller keep a good secret. The few officials at Fox who may know what's cooking won't talk; those who talk don't know. "It's so bizarre," said one Fox executive. "No one really knows what's happening. Even the TV guys don't know." So far as he could tell, "there's still no determination of who's going to do what where." In this feverish atmosphere of secrecy, these comments had to serve as solid information. Nobody east of Los Angeles knew anything at all, prompting a virtual barrage of idle speculation. A knowledgeable insider in New York, however, suggested as a source an even more knowledgeable insider in Hollywood, a dealmaker said to know of every sparrow that falleth in the entertainment kingdom.

The Man Who Knows Everything poked a cigarette into the center of his crooked smile, hunched forward on a couch, and rested his elbows on his knees. " 'Fourth network,' " he said, "is too grandiose. It will be closer to an Inday. What they're looking at is, they'll select one evening in prime time or run from fringe to prime. The package could include features as well as new entertainment product." He had talked with Murdoch and Diller, and confirmed the Fox official's diagnosis of the situation. "They're still taking a look at where they want to order programs from, which station groups don't overlap with Metromedia, and so on."

"Over the summer," said this pale, nervous, fast-talking power broker, "Barry introduced Rupert to the town. Ten to fifteen people would come in to see them. Rupert would listen in, while Barry made a pitch about the fourth network." The audience consisted largely of independent producers, from whom Diller expected to be ordering sitcoms and other fare. This dealmaker was "very impressed" with Murdoch. "He listens well, his comments are to the point. No bullshit. He makes you feel as if you're giving him pearls of wisdom." It was apparently a pretty heady experience. Both Murdoch and Diller, whom this man has long known, strike him as "cutthroat and arrogant"—terms of praise from this tough negotiator. "It will be interesting," he concluded, smiling a slightly crooked smile, "to see how Barry and Rupert get along."

Between phone calls, in which he made cryptic deal-talk, The Man Who Knows Everything explained some of the obstacles Fox will face with the production community. "Barry has said that what he's prepared to do, given the right program, is to fund a first-run sitcom on a network level. He's saying, 'I'll give you the same three and a quarter, three and a half [$325-350,000, the price of a half-hour sitcom] you get from the network; and I'll give you creative freedom.' " Freedom from typical network interference, says this source, will be a powerful inducement for would-be producers, some of whom have had "sensational"

(Continued on page 66)

The Stuart Karl Workout

by Lynn Darling

"YOU STOP ONE day and you're dead," warns the manic young entrepreneur with the top-selling cassette in the business. Stuart Karl is not about to stop.

Stuart Karl is driving down the left-hand lane of the San Diego Freeway headed for Los Angeles in his gold-toned Jaguar, talking on one of the two black telephones within easy reach of the driver's seat, gossiping about Victoria Principal and Emilio Estevez, speeding up to ogle a blonde in a beige Honda in the next lane, listening to Bruce Springsteen on the stereo, and still finding time to theorize about the future of home video, a subject that tends to launch his already manic personality into overdrive: This 32-year-old with the gleeful mischief in his eyes is the man responsible for the single greatest seller in home video's brief history, the original *Jane Fonda's Workout* tape. It was the rocket that transformed him from just one of dozens of loony-eyed pioneers in an infant industry into a mogul of the videocassette recorder. A quintessential American success story, a visionary of the next new popular wave, Karl took an eccentric insight about television's future and turned it into his own personal empire. And now, with the frenetic energy that gets him up and going at four in the morning, Karl is voicing his concerns about that future and the crossroads at which the home-video industry will soon find itself.

Stuart Karl is worried.

"I have a fear that if it isn't handled properly, if everybody forces product into the market, there's going to be an artificial glut, a burnout in the market," he says, talking as fast as he drives. "I'm worried that things are growing too fast. At what point is home video artificially inflated? Are we supplying a market that isn't there? The emphasis is on getting the product into the stores, not into the hands of the consumer. How do we get it there, what works? We don't have a track record; we can't compare ourselves to anything. All we can do is keep hustling."

The 20,000-plus video dealers are part of the problem in Karl's view. "Most of them want hit movies they can rent instead of product they can sell to consumers," he says. "But the snag is that there are only so many hit movies; beyond that, what they're getting is junk. They see no difference between an A title and a D title. And what's going to happen is that the consumer is going to get tired of this; if he thinks that all that's available to him is *Attack of the Killer Tomatoes*, he'll get bored with home video. I think we're running a race against time, but I think we're winning."

Last month, Karl observes, some 40,000 VCRs were sold daily across the country. But by 1987, sales will begin to slow down, and the selection of programs available to watch on those machines will become crucial. By then all the old and classic movies will have been released, and the hit films will quickly fade. If consumers are going to develop a longer-term relationship with their VCRs, then there's going to have to be something out there to fuel the affair. "We have to develop awareness that there is more to home video than movies," Karl says. "I've talked to consumers who didn't know you could *buy* the tapes. They thought they were just available to rent." What the retailers fail to realize, Karl contends, is that this is no fly-by-night fad he's talking about but an infant art form: "We're creating a whole new medium."

"We really don't know what's going to happen in the next two or three years," agrees Tim Baskerville, publisher of *Video Marketing* newsletter. "Consumers spent $4 billion on prerecorded videocassettes last year. That's more than on records and tapes, that's more than what's coming in at the box office. It's become the tail that wags the dog. And it's unrealistic to expect that this will be the first entertainment medium that doesn't develop its own form. Each of them—radio, the movies, television—

"They said I couldn't do it," says Karl of the Jane Fonda cassette, "and a year later, I did it." By now Karl has sold more than 850,000 copies.

first stole from the preceding medium and then developed its own form. Someone is going to stumble on the form unique to home video that will drive this business. Stuart Karl was the first person to come up with a form unique to home video that was a major success. So far, we're all waiting for number two."

What is needed, Karl says, are the kinds of videos he is producing: tapes that people buy, not rent; cassettes that are watched over and over again and transform television from the glowing beacon of passive entertainment into a vehicle for self-propelled education and exploration. Not just exercise tapes, but a wide range of reference guides that will teach the consumer how to and what is wrong and how to fix it. Medical references, home repair, sing-along tapes for the kids, tie-ins between the VCR and the personal computer, tapes that help teach children how to swim, anything that will stay on the shelf and be taken down again and again. Ultimately, Karl sees himself as a video publisher, producing cassette versions of a wide variety of magazines and books, some of which, like *Consumer Reports*, *Parents* magazine, and *Playboy*, have already signed contracts with him. "That way," he says, "the television will not be just a boob tube anymore."

The source of all this entrepreneurial wisdom was 19 years old when he went into business for himself. The son of a successful Southern California businessman, Karl had been dreaming up schemes that would make his fortune since he was a kid. After one year at a small local college, he decided it wasn't for him, a decision that was reinforced when his baseball coach informed him that the only way he could continue to play on the team was to cut his hair.

That was in 1972, and Karl found himself casting about for something to do. "I was always looking for the new thing," he remembers. "And water beds looked like the new hot thing. I had this friend, he was an older guy, he was selling water beds and he had all these girlfriends; he was going out drinking at night, having a great time, so I thought, why not?"

He began with an ad in the local newspaper, "Mom says must sell brand-new

PHOTOGRAPHS BY MARK HANAUER

SEVEN YEARS ago Stuart Karl was selling water beds on street corners. Last year he sold his video company to Lorimar for millions.

water bed,"and met prospective customers on street corners. That was okay, but it wasn't exactly in the forefront of anything, save oncoming traffic. Looking for a different angle on the water bed industry, Karl decided that what it needed most was its own magazine. "I didn't go into the magazine business to make money, but to be Hugh Hefner," he says. "Hefner, Onassis, Hughes—they built their own thing, they were mavericks, they created their own environments. That's what I wanted to do."

The first issue of *Industry* magazine, a 12-page cut-and-paste job, made him $800. The next issue made him $1,000. "I was Madman Karl. I'd get up in the morning and head for L.A. from Newport Beach in my car, and I'd sell ads all morning," he remembers. "Then I'd cruise back down in my car, the music in my ears. I'd be singing and I'd be flying. In the afternoon I'd write all the articles. It was just so much fun. I never thought of failure. I knew I wasn't going to fail."

Industry magazine led eventually to *Spa and Sauna* magazine and then to the *Newport Mesa News*, whose attractive assistant editor became his wife. A string of other publications followed, but eventually Karl became a victim of his own success. "I was good at ideas," Karl says. "I didn't like running a daily business. I fed off crisis. And a good business doesn't have crises. So I got bored." Besides, says Karl, "it occurred to me that here I was, selling these ads to these guys who were going to make millions selling whatever it was they were advertising. I wanted to be on the other side of that coin."

In 1979, Karl sold his magazines, bought a red Ferrari, and started getting up a little later in the morning. He took some time out to think. He also bought his first VCR. He remembers the moment when it occurred to him that you could do more with VCRs than watch television without commercials. "Ideas are a matter of connecting the dots," he says. "I was sitting there with a friend, watching *M*A*S*H*, the movie, and there was a book on the machine, and suddenly I said, 'There. That's it. This is the Goddam Book of the Future, a video book!' "

In the beginning he worked at what he knew. He published a trade magazine for the new industry called *Video Store*. "Six months later, I knew I didn't want to do that again. This was my chance to get into Hollywood! I was going to produce original home videos."

But first he secured the distribution rights to a series of direct-mail videocassettes advertised in a magazine, instructional tapes on how to bake bread and make soups, salads, and desserts. Eventually he began to produce a small series of his own videotapes, haunting trade shows, and hawking his tiny catalogue. Finally, at one of the first consumer electronic shows, he set up his booth next to that of Arthur Morowitz, owner of Metropolitan Video and Video Shack, a major video retailer. "I convinced Morowitz that how-to was here to stay," Karl remembers. "And he took five or six of each of our tapes. In one day I had a $10,000 order. And when the others saw that he was interested, they were too."

A year later, Karl's wife, Deborah, came to him with an idea: a video version of the hottest exercise book on the market, *Jane Fonda's Workout*. Karl saw the possibilities immediately, but it must have taken all the arrogance he was capable of—and by his own admission that was a lot—to think that an anonymous 27-year-old kid could convince a major motion-picture star to participate in an unfamiliar medium.

"I never thought I couldn't do it," Karl says now. "But I was motivated by the fact that people said I couldn't do it. I've always been driven a lot by anger and resentment. I remember when I told a friend of my father's that I was starting a magazine for the water bed industry, he said, 'I wouldn't bet my life on it.' And I thought, 'You son of a bitch, I'll show you.' Same with Fonda. They said I couldn't do it, and I said, 'I swear to God I'm going to do it.' And a year later, I did."

Karl gets a little coy when it comes to how he signed up Fonda, but he admits to doing his homework. He signed up RCA as coproducer, and got to know friends of Fonda's husband, Tom Hayden, and then Hayden himself. Eventually he hosted a political fundraiser for the California state legislator. "People misunderstand that. They think it was a hustle," Karl says, displaying a momentary and unusual embarrassment. "But it wasn't. We share the same politics."

After that, it was easier to get in to see Fonda, and from there to convince her that as the number one product in his burgeoning line of home video, her tape would get the nurturing and attention it would take to make it a success.

Fonda agreed, and the tape went on to become a monster hit, remaining among the top ten sellers for four years with more than 850,000 copies sold so far. Industry insiders estimate Karl could have made as much as $10 million on the cassette. "This was a major league hit," Karl says. "I'd finally graduated."

These days, Karl is the top purveyor of self-improvement cassettes and has a catalogue that includes Esther Williams teaching babies to swim, David Brenner on casino gambling, a documentary look at lingerie through the ages, and *Playboy*'s breathy Miss January slathering paint on her nubility, all the while explaining how great it is to be a video centerfold. What hasn't changed, however, is Karl's emphasis: It's all in how you sell the product. "We take a most aggressive packaged-goods approach," Weissberg says. "Others [in the home-video industry] still think they're in the entertainment business. We've always been in the package business. It's like the Wild West out there. There are no rules: We're making the rules."

The idea is that with 40,000 new VCRs

"Suddenly I said, 'There, that's it, the Goddam Book of the Future, a video book!' "

getting plugged in every day, the consumer must constantly be made aware of what's out there for him. Karl's salesmen are out there in the stores, checking on sales, revving up displays, exploring new outlets for their product, from bookstores to supermarkets. Karl says he models his organization after that of Procter & Gamble, with product lines and brand names, and he talks about facings and real estate within stores with the assurance of the experienced salesman. "Unlike a hit movie, what we sell isn't presold," Karl says as he swings the Jaguar into the old MGM studios, where Lorimar now makes its headquarters. "That ultimately became the value of my company."

Last October, Lorimar bought Karl Home Video shortly before merging with the big syndicator, Telepictures, making the cassette company a wholly owned subsidiary of an ever expanding, ever diversifying entertainment company. It also made Stuart Karl a rich man, even if he got only the $3 million price cited in the press at the time—an estimate many industry insiders consider quite low. What made him decide to leave the ranks of the little entrepreneurs scrapping with industry giants and join up with a Goliath? "They've helped us finance our dreams," he says. Since the purchase, Karl-Lorimar has been growing at a tremendous rate, hiring new staff, opening new offices in New York and London, planning its own line of movie acquisitions, spinning out endless ideas for monthly subscription series, video publications, and commercial sponsorships of video productions. "We felt that the videocassette business was more than just an ancillary market to motion pictures, that the surface had barely been scratched in terms of potential," says Barbara Brogliatti, Lorimar's senior vice president for corporate communications. She even envisions movies and television series made directly for home video in the future: "We need to diversify in order to compete and to meet the challenge of the market." Says Karl, "You have to remember that it costs around $5 million to acquire the rights for a movie these days, and you can make a hell of a film for half that amount." He's also moving ahead with sponsored "infomercials" he'll distribute on cassettes, such as a bartending guide produced with Mr. Boston brand alcoholic beverages.

Two interviews and a couple of meetings later, Karl is back in the Jaguar, headed for his Newport Beach offices, swinging through traffic, cursing the other drivers, singing along to Frank Sinatra. Most of the time, he's on the phone, making plans, catching up, dreaming of deals. His offbeat, slightly manic personality is tailor-made for this business, which appreciates ingenuity and bravado. And it has been spectacularly good to him. The kid who was selling water beds on street corners 13 years ago now has a 60-foot luxury motor cruiser, a cigarette boat, a Ferrari, a brand-new home, and a beautiful family—two small boys, Cooper and Quincy Hamilton, the light and love of his life. What in the world does Stuart Karl do for an encore?

A major pileup on the opposite side of the freeway has slowed down traffic on both sides to a standstill. Karl considers the question of his future with unexpected seriousness. "This is my life," he says. "I love it. I had the number one best-selling video in the country. They can't take that away from me. I'm building a corporation that will be worth $100 million. That's real good stuff. It's real. But I don't really consider myself successful. I'm not sitting back. I have yet to achieve what I want to achieve. In this society, unfortunately, success is failure the minute it stops. You stop one day and you're dead. Failure follows you every step of the way. The more successful you are, the bigger failure you have to worry about. That's why I get up at 4:30 in the morning; that's the energy that keeps people following you. You've got to keep running."

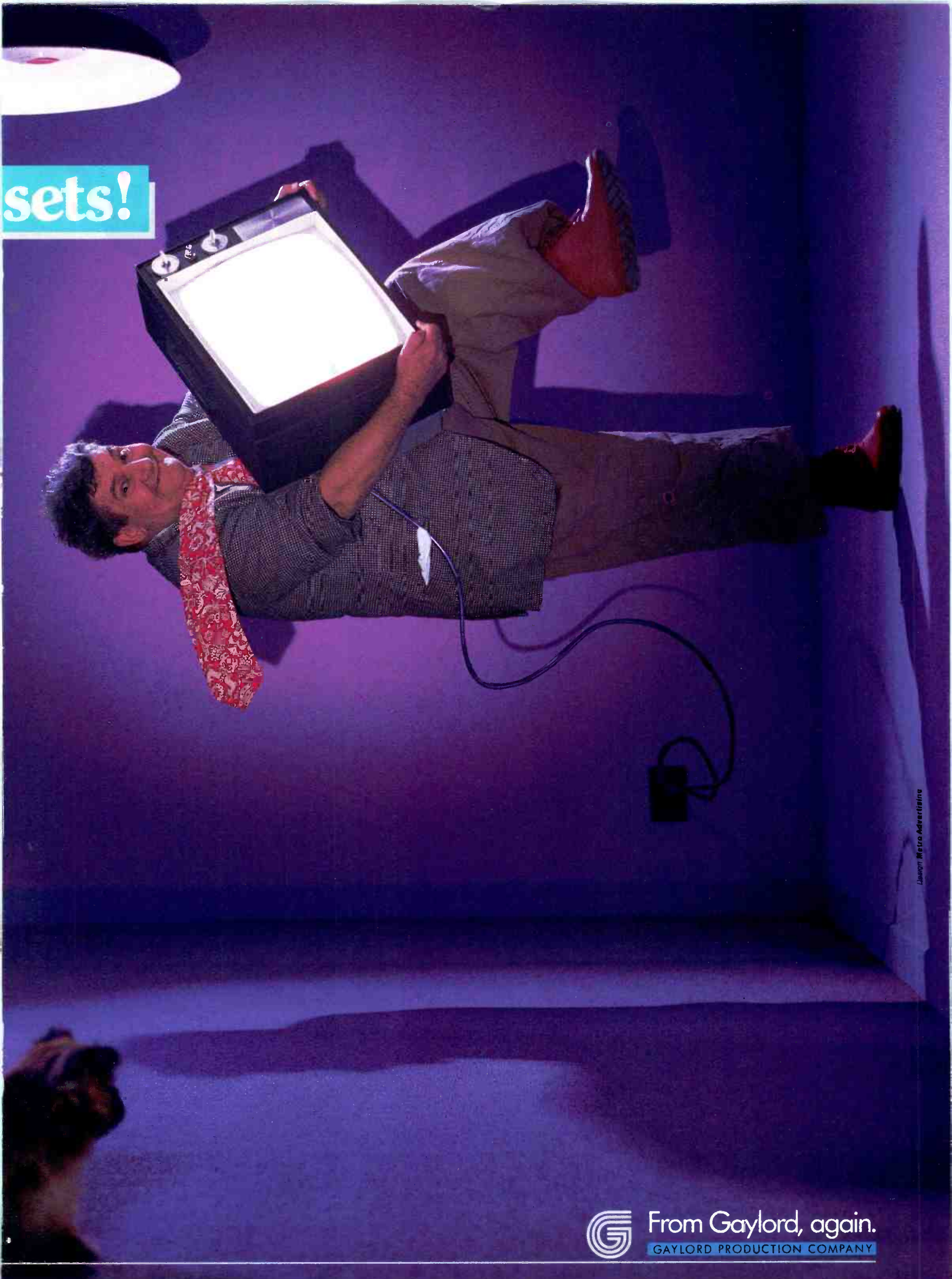
Nevertheless, Karl insists, he's slowed down a bit, in part because of his two young sons, in part because he is well aware of the perils of burnout. He tries to get home by six o'clock to have time with his children, and in true Karl fashion he is studying the problem of how best to conserve the time he does have to keep the ideas coming. "One of the shows I'm producing is about a day in the life of a CEO," he says as the traffic finally starts moving on his side. "I want to know, when does Armand Hammer read *The Wall Street Journal*? When does he have time to reflect on that deal he wants to make? That's how you learn things. I can't believe that all successful men ignore their families and turn into bastards, and yet I know I'm constantly falling behind. I have to force myself to make time to read, to connect the dots. How do they do it?"

"The more successful you are, the bigger failure you have to worry about."

Whether or not he has really slowed down, Karl has taken time to consider the future. He'd like to make movies next, but after that comes politics. Videocassettes, he says, can make a significant difference in the way campaigns are run in this country, helping to raise funds through direct appeals and putting across a candidate's message. Already, Karl is involved in Gary Hart's presidential campaign as a contributor and strategist: He helped found the Center for a New Democracy, a liberal think tank in Washington. "Giving money, that's easy. I've gotten so much out of this society, I want to put something back. If these guys can help society and not just steal from it, I want to be a part of that. But I can do more. I've got energy, I can sell well, I can talk to people well. As you get older, you get more confident in your success. I look at what I've done. I see the walls, the art, the phones, the furniture. That's all stuff that I put there, that I created. If I can do that, if I can help—I'm not an intellectual, but if I can make a significant effort— if I could feel that I contributed something, then that's what I want to do: to elect one person who might one day stop one button from being pushed."

The freeway exit is coming up fast, though on the other side of the highway the traffic still isn't moving. His reverie over, Stuart Karl parks the Jaguar in his space and looks in the window of a lighted office just ahead of him, where a group of men and women sit, huddled around a desk. Suddenly distracted from his possible contributions to mankind, he breaks into a delighted laugh. "Oh, that's perfect, that's really perfect!" he says. "My auditor is still here and that means she's going to have to drive back to L.A. in all that traffic!" ●

Lynn Darling, who writes for Esquire *and other magazines, tried a Fonda tape and says she nearly killed herself.*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WHO'S GOT THE CLOUT

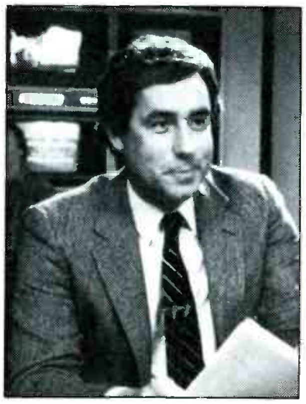
And How They're Using It

IF YOU WENT BY THE RATINGS of the cable networks, you'd have to say that cable hasn't amounted to very much thus far in the 1980s. But if you looked at the advertising revenues, you'd be surprised at how far it's come. And if you looked at the balance sheets of cable owners, or at the prices paid per subscriber to acquire existing systems (now climbing past $1,000 a household), or at the heavy action in buying and selling systems, you'd be mighty impressed. Cable has made a strong, silent comeback in the last year by steering away from its own dazzling technological potential and concentrating on the "plain vanilla" service of delivering more television programming to its subscribers. If the ratings numbers the networks live by aren't looking so good, no matter. The other, strictly bottom-line numbers are carrying the day. Moreover, the cable industry is not the strange, polyglot nation it used to be: a patchwork of small, medium, large, extra-large, and ultra-large companies with slightly-to-vastly different aspirations for their medium. Today it has a power center, a ruling class of large and growing multisystem operators (MSOs), which by consensus will determine where cable goes from here. In the end, however, it is not companies that wield the power but a handful of people working from these bases of dominance. This special section of *Channels* is largely about the new power structure in the cable industry, how it functions, and where it hopes to lead the industry. The newfound strength of the cable business is contrasted with its glaring weaknesses: the problems of servicing subscribers, the frustrations of marginal advertiser-supported cable networks, and—the greatest setback to the advancement of cable as a mass-audience medium—its long delays in wiring many of the major cities.

BOB LOBEL

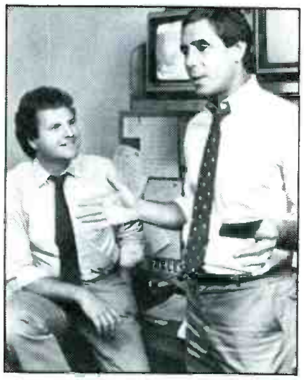
For The Record

"A lot of people feel that sports is reserved only for those in the know. I just don't think that's true. Sports can be fun for everybody. That's one of the reasons I do **Sports Spotlight.** I want viewers to feel that they can sit down, relax and let me do the work. When people watch a story I've brought them, I want them to feel that they really saw the best moments of the sport."

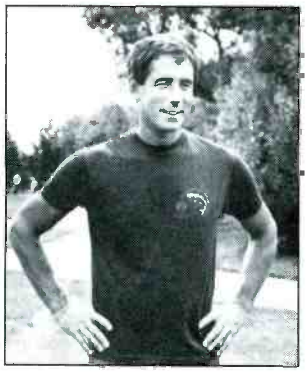


"There's no day I look forward to more than Marathon day. It's probably the greatest single event that I've ever been involved with. I ran it in '78. It's the total essence of sports in Boston - total community involvement, psychologically and physically. Everybody's there and in it and that's what makes it such a great event."

"Working at Channel 4 is great. The team is focused on the same goals. It's one for all and all for one. Whatever we put on the air is reflective of all of us. On the news set . . . well, I just don't know where you'll ever find the kind of chemistry - between Jack, Liz, Bruce and myself - anywhere else. It's natural, unrehearsed. The more we work together, the better it gets Because the flow is so natural, it makes doing your own job easier."



"I've stayed here because New England makes me happy. My soul is here and so is my heart. After spending 14 years here - in Vermont, New Hampshire, and now Massachusetts - I've really become New England oriented. That's important. To be successful here as a sportscaster, you've got to put your roots down here. New Englanders will put you through every kind of test imaginable, but, in the end, you'll come out their friend. And that's terrific."



EYEWITNESS NEWS WBZ-TV BOSTON 4

The Station New England Turns To.

Cable's All-Stars

Fourteen Who Call the Shots

ANY LIST OF people with the greatest clout in today's cable industry has to include Ted Turner, Michael Fuchs, and Bob Pittman, right?

Not this list. It's not as though Turner, Fuchs, and Pittman aren't big names in the field, but they are, to some extent, outranked or otherwise preoccupied. Take Turner. Most of the time, he's off trying to swallow bigger fish or make peace with the Soviets, leaving his company's day-to-day cable matters to Terry McGuirk. Or take HBO chairman Fuchs or MTV Networks president Pittman. Both report to higher authorities—Nick Nicholas at Time Inc. and Terry Elkes at Viacom International—who increasingly have their *own* hands on the tiller.

To locate where the power lies in cable today *Channels* looked beyond titles and beyond the highly visible executives who spend more time making speeches than crucial decisions. The 14 individuals cited here are the real shakers and movers of the cable business in 1986.

Brian Lamb *Chairman and chief executive officer, Cable Satellite Public Affairs Network (C-SPAN)*

Lamb founded the "Mr. Smith Goes to Washington" network, giving 75 million cable viewers a chance for seven years now to play a contemporary version of the Jimmy Stewart role: observing and talking back to Congress. Frank Capra's classic movie put Mr. Smith in the Senate, and that's exactly where Brian Lamb expects to pick up some new programming this year. C-SPAN's end-of-'85 poll showed 68 Senators agreeing to accept video coverage of their chamber. They're expected to vote on the matter soon. Lamb's long-term goal is to open up more governmental forums—enough to fill four cable channels. An alumnus of White House public relations during the Nixon years, the Indiana-born executive is wired to the top brass of the largest cable companies, which subsidize the nonprofit C-SPAN, and is well connected in official Washington, where he's cable's Mr. Nice Guy.

Nicholas J. Nicholas Jr. *Executive vice president (video), Time Inc.*

Up there in the dizzying heights of Time Inc.'s video hierarchy sits Nick Nicholas, overseer of these profit centers: HBO, the embattled pay-cable superpower; ATC, the nation's second-largest cable system operator; HBO's home video partnership with Thorn EMI, and foreign pay-TV ventures. Also under Nicholas's control are the USA Network (a major basic cable net) and Tri-Star Pictures (the distributor of of *Rambo II*), but this year he'll be trying to orchestrate Time's sale of its one-third shares in both those concerns. A 46-year-old money man with exquisite academic credentials, Nicholas is the most powerful cable player at Time Inc., which is the most powerful player in the cable industry.

John Malone *President and chief executive officer, Tele-Communications Inc.*

He's the Alexander the Great of cable today. When John Malone joined Tele-Communications Inc. in 1973, the company had 370,000 subscribers; now it has 3.9 million and counting. (Check your watch; Malone has probably added a few thousand.) In past years he made quiet, back-door deals to gobble up mom-and-pop systems. Now he's taken over such big-city plums as the Pittsburgh and Washington, D.C., franchises. And TCI is soon to acquire part of Group W Cable, with 600,000 more subscribers. Malone's views—often delivered, with a touch of his sarcastic wit—carry a weight within the industry proportional to TCI's size. He advocates "plain vanilla" cable systems, pooh-poohing such esoteric options as videotex and utility meter-reading services. His downbeat outlook on pay-per-view TV probably delayed major PPV projects by a year or more. Malone may lead the industry in academic degrees, with four, topped by a PhD in operations research from Johns Hopkins.

John Sie *Senior vice president, Tele-Communications, Inc.*

TCI's number-two man provides the cable industry's land-based defense against the competition of satellite TV. A shrewd, sometimes abrasive bargainer, Sie has consistently used TCI's immensity to "encourage" (in the Brooklyn sense of the word) cable programmers to scramble their satellite feeds. Sie also knew what could be done once they were scrambled: He was the first cable operator to propose a scheme for marketing satellite services to dish users. And he foiled Ted Turner's plot to bypass cable operators and market such services directly to dish users. (Sie threatened that his system would support the proposed NBC Cable News, a potential competitor of Turner's Cable News Network.) An alumnus of Polytechnic Institute of Brooklyn, Sie jumped from electrical engineering to the sales and marketing division at Showtime, where he spent six years. His cunning is legendary. Reportedly, during his Showtime career, he once won an affiliation agreement from Cox Cable in a poker game.

Terrence A. Elkes *President and chief executive officer, Viacom International*

A buttoned-down lawyer with a rep for tightfisted negotiating, Terry Elkes seems an unlikely boss for MTV. He's not your average Twisted Sister fan. But Elkes led Viacom on a buying spree last

Cable's All Stars

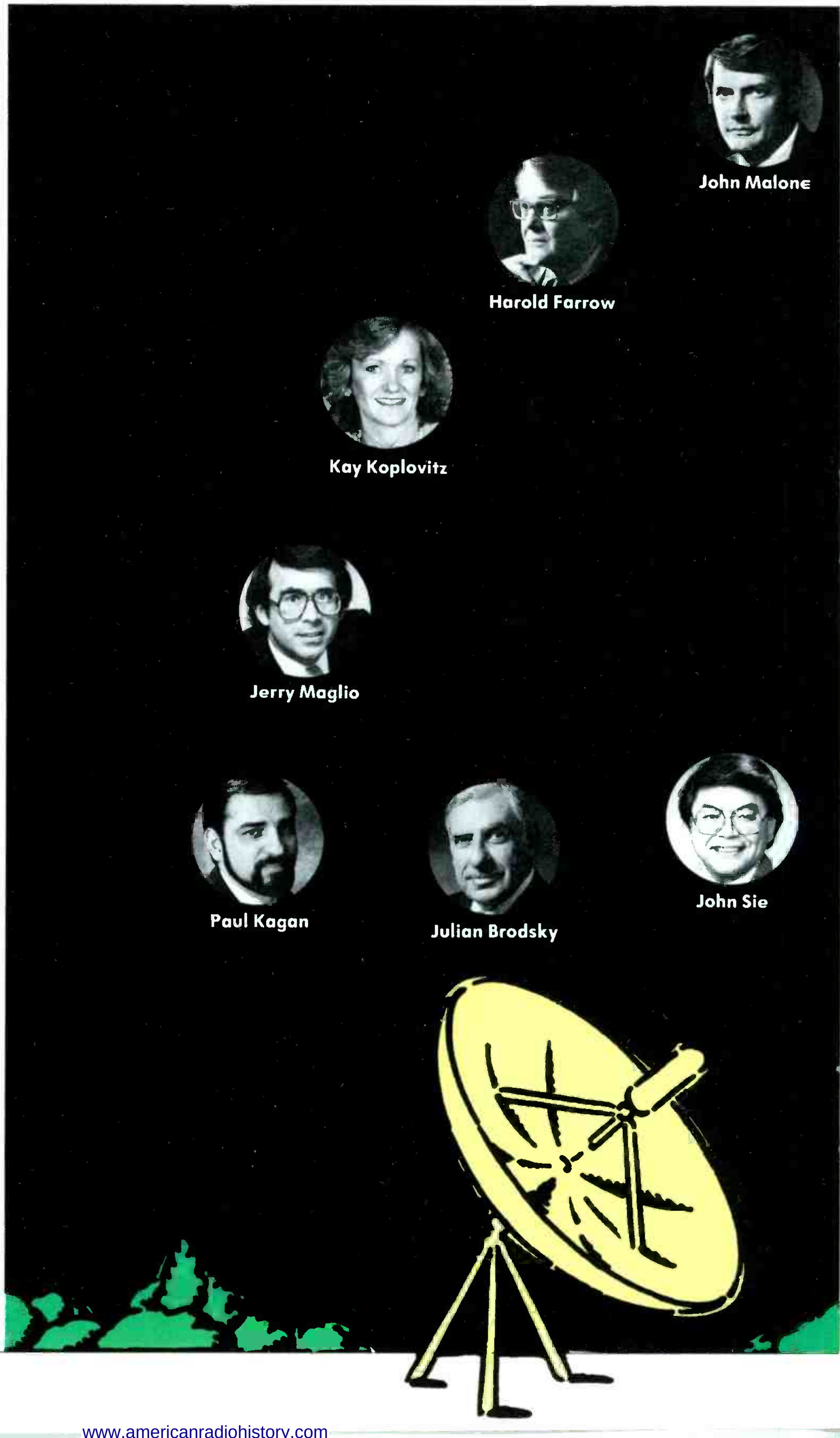
year, gobbling up MTV Networks Inc. and the half share that it didn't already own in Showtime/The Movie Channel. That gives Viacom five cable networks, including the two movie channels, MTV and its mellow sibling VH-1, and Nickelodeon. Elkes had suddenly catapulted the company—which already had stakes in broadcasting, cable systems, and syndication—into the top rank of cable programmers, along with Time Inc. He's still hungry. In 1986 Elkes wants to add more cable systems to Viacom's 11th-ranked group (820,000 subscribers), to provide more "theater seats" for its programming services. He plans to take advantage of Viacom's syndication savvy by distributing MTV, Nickelodeon, and Showtime fare to commercial broadcasters. And he's pushing Showtime's pay-per-view initiative, Viewer's Choice.

Barry Goldwater *U.S. Senator (R-Arizona)*

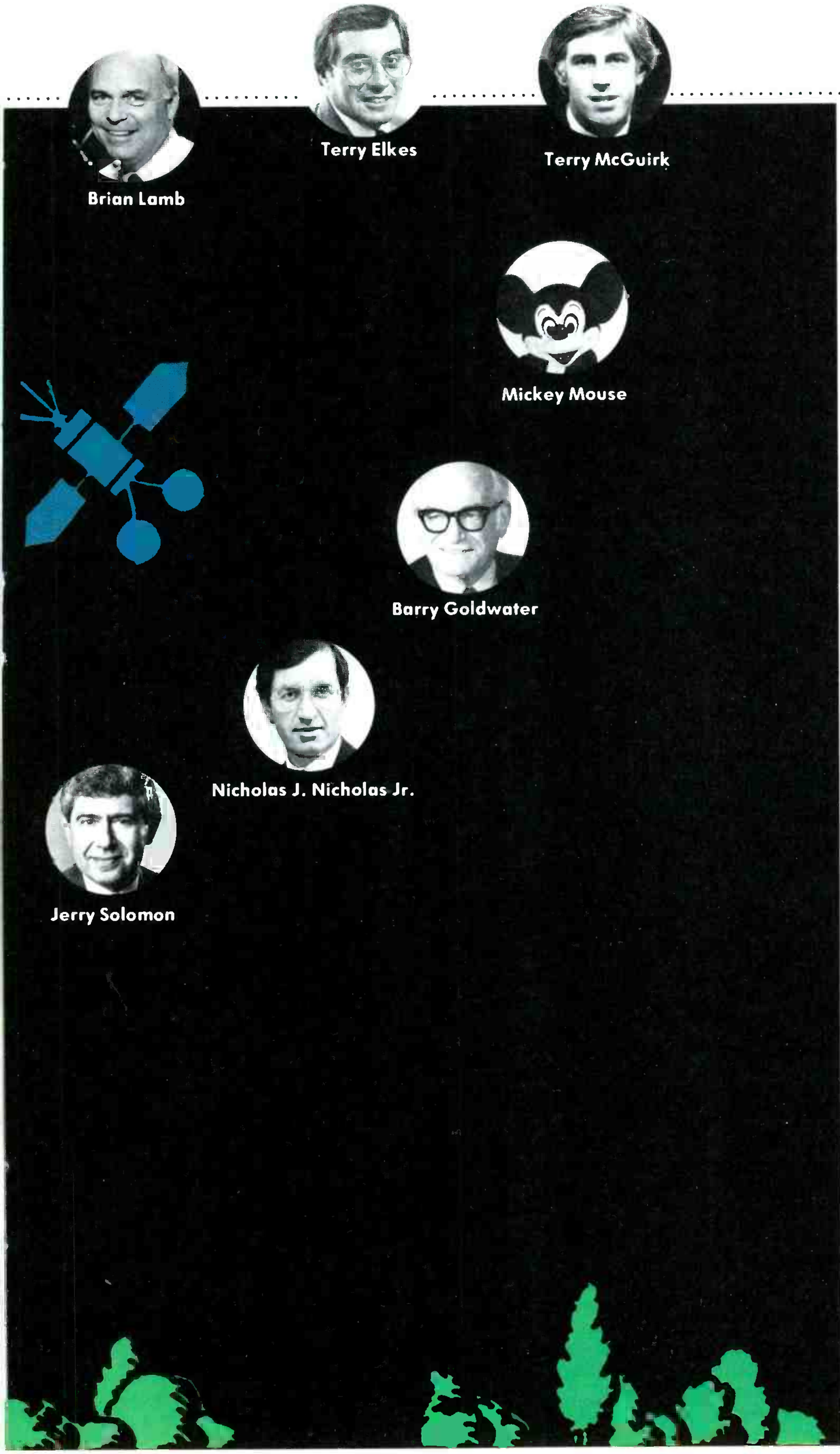
The 77-year-old father of the New Right takes a special interest in technology and exercises that interest as chairman of the Senate communications subcommittee. He helped draft the Cable Communications Policy Act of 1984, which largely exempted the cable industry from municipal regulation, giving operators virtual carte blanche in setting rates after January 1987 and making franchise renewals as easy to get as a passing grade in gym class. Goldwater has also been a friend to the backyard-dish subculture (being a dish owner himself) and played a major role in attaching to the cable bill a section outlining satellite viewers' rights. Aides say he's adamant that the cable industry live up to the bill's requirement that dish owners have easy access at fair prices to scrambled channels. In his last year in office, the five-term Senator may make a big difference in reconciling the interests of the backyard-dish and cable industries.

Jerry Maglio *Executive vice president for marketing and programming, Daniels & Associates*

Consumers who pick up extra pay-cable channels for $4 apiece this year probably have Jerry Maglio to thank. In the face of viewer dissatisfaction with pay cable,



CABLE



Maglio has spoken up for a marketing strategy that puts several pay channels into one steeply discounted package. On Daniels systems he offered four pay channels for $15.95 and reports "major revenue, penetration, and margin gains." Among cable marketers Maglio has made headlines, and several major operators may follow his lead. A Columbia University MBA who honed his marketing talents at Doubleday's Literary Guild, Maglio has also led cable's propaganda battle against home video. He blasts video shops as inconvenient joints where the hit movies are never on the shelf. "You always wind up with *Amademoose* instead of *Amadeus*," his radio campaign asserts.

Paul Kagan *President, Paul Kagan Associates*

Paul Kagan's team churns out more numbers than all the state lotteries combined. When the *Wall Street Journal* or *Newsweek* wants to quantify cable trends, they turn to Kagan. His newsletters spotted the softness in pay TV long before programmers admitted it was there. He now publishes 23 newsletters—from *Cable TV Tax Letter* to *Theft of Service*—and he once told a colleague, "The hardest thing about the newsletter biz is coming up with a new color paper to print it on." Kagan's influence goes far beyond his newsletters. A former media analyst for E.F. Hutton, he is now one of the industry's most respected consultants and cable-system appraisers, as well as an investment adviser for pension funds and corporations.

Jerry Solomon *Vice president and general manager, Busch Media Group*

His power flows largely from the 70 million barrels of beer that are expected to roll out of Anheuser-Busch breweries this year. Jerry Solomon is spending some $250 million on cable and broadcast advertising. A 19-year veteran of ABC sales, Solomon came to Busch four years ago and has since made it far and away the largest cable sports advertiser (not to mention putting the brewer neck-and-neck with Chevrolet as the largest TV-sports buyer). When cable networks want to start new sports programming they call Solomon first. He personally guaranteed ESPN's future

IN FOCUS

Cable's All Stars

profitability by committing $14 million a year through 1989. He's expected to have a big say on pay-per-view ventures, the length of network commercials, the extent of exclusive cable ad contracts, and National Football League pay TV.

Terry McGuirk *Vice president/special projects, Turner Broadcasting System*

While Ted Turner is off promoting U.S.-Soviet amity, Terry McGuirk is in the trenches, fighting for Turner's Cable News Network. McGuirk was able to shut out the competitive threat of the proposed NBC Cable News network by securing CNN's place on systems owned by major operators. Aside from the remaining satellite-TV questions, this year he'll be handling the sticky issue of CNN's plans to raise its carriage fees. Last year McGuirk oversaw WTBS's legal attack knocking down the must-carry rules, and this year he's gung ho about restructuring copyright-fee legislation in a way that would discount distant-signal carriage. At 34, McGuirk has become Turner's surrogate; he has considerable authority at WTBS. The two have been friends for 14 years, ever since McGuirk took a summer job at Turner's little Atlanta UHF station, WTCG-TV, which grew to become Superstation WTBS. In 1976 Turner let McGuirk play outfield with the Atlanta Braves during spring training.

Kay Koplovitz *President and chief executive officer, USA Network*

She's not the token female on this list. "The bottom line is sexless," Koplovitz told *Advertising Age* recently, and that just might be her motto as she leads USA Network into its first profitable year. She has run a cable network for nine years—longer than anyone except Ted Turner—and her network, after years of struggle, is now delivering more eyeballs to advertisers than any cable service except Turner's WTBS. Koplovitz is the unsung pioneer of sports on cable, having negotiated the first national cable deals with major-league baseball, the National Basketball Association, and the National Hockey League. Now, since some sports-rights fees have spiraled out of reach, she's successfully (though reluctantly) shifted USA's focus to general entertainment. Perhaps her greatest accomplishment is that USA kept moving ahead even though she was reporting to three warring co-owners, Time, Paramount, and MCA. (Time is negotiating to sell out its share to the other two.) That experience would make Koplovitz a great candidate for envoy to Ireland or Lebanon.

Harold Farrow *Senior partner, Farrow, Schildause & Rains*

He's trying to overturn the country's entire system of municipal cable franchising. This spring Farrow goes before the Supreme Court, representing Preferred Communications in its suit against the City of Los Angeles. He'll argue that the city violated Preferred's First Amendment rights by giving an exclusive cable franchise to another company. A Farrow victory could lead some cities to award non-exclusive franchises. This in turn could lead to bulldozer warfare among rival crews laying cable in rich neighborhoods. The feisty Oakland-based lawyer has already won a major cable franchising battle at the high court. In 1982 the court ruled that Boulder, Colorado, had violated antitrust laws by granting a cable company an exclusive contract. Many cities were forced by this ruling to seek state-level legislative exemptions. Though praised as a legal maverick, Farrow has also been accused of "childish antics" in the courtroom. According to U.S. District Court Judge Scott Wright, Farrow's team, by constantly "rolling their eyes and hurling pens and legal pads" at their table, let it be known that they felt their clients were being railroaded. Obsessed with securing free-press rights for cablecasters, Farrow has filed a series of suits similar to *Preferred*, one of which could open a can of worms about the size of Utah.

Julian Brodsky *Senior vice president and chief financial officer, Comcast Corporation*

Most travelers come back from Europe with a few postcards and a Gucci bag. Brodsky has come back, twice now, with millions of dollars. He's the first cable executive to raise funds through Eurobonds, nabbing an impressively low 8 percent interest rate in 1982 and a 7 percent rate last August. A Wharton-educated CPA, Brodsky has devised the industry's most consistently creative financing for Comcast, which is bounding from 16th to eighth largest multisystem operator this year. His skill is in great demand these days, when raising capital to upgrade or build systems is one of the toughest tasks facing the business. Brodsky was a cofounder of Comcast in 1963, and since then has scored with an impressive list of cable financing firsts: According to company executives, Brodsky made Comcast the first cable company to raise money from insurance companies (1960s); the first publicly held cabler to form a limited partnership (1970); the first to issue industrial development bonds (1979), and the first listed on the London stock exchange (1982). In the meantime Brodsky's methods have been copied by other cable companies, and Comcast has broken its own profit record every year for 13 straight years. Brodsky just pulled off his biggest coup, joining four other companies in buying out Group W Cable for $2.1 billion, the biggest all-cable price tag yet. Comcast gets 490,000 new subscribers, nearly doubling its base. Sources say that TCI and other, larger MSOs let Comcast into the deal because Brodsky had shown his stuff by raising $2.1 billion for Comcast's unsuccessful bid for Storer Communications.

Mickey Mouse *Corporate symbol for the Disney Channel*

The charismatic 57-year-old rodent towers over an industry of upstarts. No other cable network can boast a star with the same brand-name recognition. Everything on the Disney Channel, from *Mousercize* to *Tigertown*, is made in his spirit. Family programming has been booming in the Reagan years, and the trend has blessed The Disney Channel, the only pay service whose growth didn't hit a stone wall in 1985. Last year Disney gained 850,000 subscribers, lifting its total to 2.5 million, which works out to 52 percent annual growth—far and away the greatest in pay cable. The channel turned profitable in January 1985, just 20 months after its launch.

Profiles were written by Richard Zacks, home video columnist for the New York Daily News. *Richard Zahradnik provided research assistance.*

The Ins and Outs of Cable

Cable systems are changing hands like baseball cards. Soon only the largest companies—and the smallest—will be left. **BY MERRILL BROWN**

THE VERY QUALITIES that make the cable business attractive on Wall Street—a sense of stability and growing maturity—are contributing to a growing instability: the transient nature of system ownership. Westinghouse, for instance, announces it wants out of cable, in part because its Group W cable holdings make it an enticing takeover target. No problem. The list of suitors is long, and includes some companies (Hallmark Cards, for example) that have never before been in the cable business. American Express, for slightly different reasons, had made its exit months earlier.

Cable, it seems, is in a new ascendancy. With deregulation just around the corner, with cable technology at a leveling-off point, and with the competitive threat of direct broadcast satellite (DBS) and other delivery systems rather benign at the moment, the investment community is enchanted once again with cable's prospects. Even the specter of the VCR seems slightly less menacing in light of successes like Jerry Maglio's at Daniels & Associates. Maglio, in a test run, has been moving pay-cable subscriptions by bundling several services together and low-balling the price.

But all the good news will only perpetuate the selling and trading of systems that has characterized the business for years. Some 200 to 300 cable systems a year have changed hands since 1981, in transactions worth a total of at least $10 billion.

At least 5 percent of all cable subscribers have fallen into the hands of new system owners in recent years,

and with the pending $2 billion sale of Group W to a consortium that includes the two largest multisystem operators, Tele-Communications Inc. and Time Inc.'s ATC, the pattern will continue this year. All this consolidation is producing a cable business with owners at two financial extremes—giants and individual entrepreneurs.

Cable's growing prosperity is only whetting the big players' expansionist appetites. Analyst Richard MacDonald of First Boston Corporation predicts cable companies will generate a staggering $28.5 billion in cash flow from 1984 to 1990. One of the few sensible places to put all that money, MacDonald contends, is into further acquisitions. "The only business these guys know well is cable," he says. More systems, particularly clustered ones, mean economies of scale in programming costs, coordinated advertising, and promotion and billing.

But analyst Paul Kagan maintains there is an even more fundamental economic factor governing the speed of cable consolidation: "It's my contention that the buying and selling of media properties of all kinds is driven by interest rates. As long as rates remain down or favorable, you'll see continued activity and turnover of properties. When rates ratchet up, you'll see a drying up of sales."

Kagan doubts that there will be many more newcomers on the scene, however, because cable is such an idiosyncratic endeavor. "It's an esoteric business and you have to have a feel for it, like the movie business," he says.

A further roadblock to outsiders may lie in the fact that major cable holdings rarely come onto the market—Group W, Capital Cities, and Storer being recent exceptions. Given the conventional wisdom, which discourages outsiders buying systems with fewer than 300,000 subscribers, it seems less and less likely that great buying opportunities will appear.

Nevertheless, some brokers and investment bankers maintain that there are still very large non-cable companies on the lookout for an appropriate deal. These are generally firms willing to dilute their short-term earnings dramatically in anticipation of substantial profits down the road. Those able to take a five- to 10-year outlook may yet invest in cable.

Naturally, not everyone sees it that way. Dabbling in the cable business has embarrassed more than a few prestigious media companies—for example Tribune Co., which essentially walked away from its troubled Montgomery County, Maryland, franchise, selling it off to Hauser Communications and peddling another

IN FOCUS

The Ins and Outs of Cable

group of systems to Jones Intercable.

Other companies, such as American Express, bailed out of cable because of specific strategic concerns. High capital costs for construction, for instance, particularly in the late '70s and early '80s, generally delayed the attractive cash flow. "In a large company it is hard for cable to show its true worth in stock prices and equity," says cable consultant Gary Hurvitz, vice president of Malarkey-Taylor Associates. "It's been a low-income, high-cash-flow business, and stocks generally trade on earnings."

Westinghouse's dramatic departure from cable reflects those realities. Cable has been painful for the company; selling the Group W operation helped put the parent in a better position to deflect a hostile bidder. As prices rose—at times in 1985 over the $1,000-per-subscriber barrier—it grew increasingly clear that Westinghouse had picked a propitious moment to sell.

But the Westinghouse situation is rare. For the most part, investors have come to realize cable's value and are itching to get in. Cable's deregulated rates are a major attraction. In the coming years, most experts consider it likely that both cable's rates and its troublingly low penetration will rise markedly. While subscribers now pay an average of $21 for basic service with one pay channel, most insiders think that figure will soon rise dramatically, to the $30 range. Several major cable operators say they're already getting $30 a subscriber, despite the VCR's inroads into pay-cable popularity. For the most part, the increases in basic rates will go right to the bottom line.

Evidence also suggests that, with the coming of cable to more big cities, penetration is likely to rise. Average daily viewing continues to grow, and according to Oppenheimer & Co. analyst John Bauer the nation's insatiable video appetite suggests penetration may rise as high as 80 percent in the coming years. As basic services continue to mature, and as more local and national sporting events and other exclusive programs are transferred to cable, its marketability will increase.

It's easy to see, then, why companies want into cable. But several other trends also indicate that the ownership turnover may well continue.

Clustering is one of those. Owning a regional group of cable systems for which to share services makes more sense financially than owning far-flung systems. And as cable companies complete regional groups, their next strategic step is likely to be the development of new regional clusters. Heritage Communications' recent purchase of a half-interest in the Gil Industries systems in the San José area may be symptomatic of that instinct.

Highly leveraged buyouts are also likely to beget more cable system shuffling. A number of major cable deals, such as the Storer buyout by Kohlberg Kravis Roberts, incurred such heavy debts that they may result either in spin-offs or a complete sale of the easily marketable cable properties. With enormous annual interest payments—large enough in some leveraged deals to wipe out most annual cash flow—the new owners cannot afford to hold properties too long. In addition, limited partnerships also create pressure to buy or sell. Once the limited partners have infused the needed cash and the business is up and running, their presence is no longer required. "A lot of the limited partnership deals are getting closer and closer to churn time," says Malarkey-Taylor's Hurvitz.

Yet another factor that may keep the marketplace active in the coming years is the possibility of telephone and power companies entering the cable business. "Phone companies and power utilities have always been a prospect," says Kagan. "They may yet get in. They may buy in at $2,000 a subscriber." ●

NO FRILLS CABLE

On a sunny day last September, Tele-Communications Inc. senior vice president John Sie received the news he had been awaiting for months: the District of Columbia's city council had agreed to transfer its cable franchise to a limited partnership 75 percent owned by TCI.

Not only that, but the city had reluctantly accepted TCI's plan to scale back dramatically the size and cost of the proposed system—despite charges by one council member that TCI was "blackmailing" the nation's capital. As TCI's chief spokesman in the D.C. negotiations, Sie had issued an ultimatum: Either the city would agree to TCI's bare-bones proposal, or the Denver-based company would pick up its expertise and money and go elsewhere. The council quickly capitulated. "We just thought it was the best deal we could get," explains council member Betty Ann Kane.

The D.C. victory was just the latest gambit by the 3.5-million-subscriber cable operator, the country's largest, to extend its reach from rural areas and suburbs into the big cities. "Our aim," says Sie, "is to wire the rest of the nation with 'reality cable' "—his term for a system with relatively few of such costly frills as public-access studios and 108-channel capacity.

TCI has grown rapidly through a "brilliant" strategy, according to Drexel Burnham Lambert analyst John Reidy. During cable's go-go years in the late '70s and early '80s, TCI sat on the sidelines. "We stayed away from the big-city bidding frenzy," Sie confirms, "because many companies were making all sorts of unrealistic promises dreamed up by social do-gooders. Some of the big companies like American Express lost their shirts."

Indeed, American Express's joint venture, Warner Amex Cable, made big promises and won big franchises in Dallas, Pittsburgh, Milwaukee, and other major cities, but lost hundreds of millions of dollars when revenues were lower and costs higher than expected.

IF THE CITY REJECTED TCI'S BARE-BONES PLAN, THE FIRM WARNED, IT WOULD LAY CABLE ELSEWHERE.

While Warner Amex and others took their roller-coaster ride through the cities, TCI bought rural and suburban systems and built up a financial war chest. By 1983, when some overpromised urban franchises began drowning in red ink, TCI moved in. Sie recalls, "We tested the waters in Gary, Indiana," where the firm teamed up with a local minority group to buy a debt-ridden franchise from Westinghouse. TCI persuaded Gary to accept a scaled-back system and quickly put the franchise in the black. "Later that year we did the same thing in Buffalo," he adds. Again "reality cable" turned a profit.

But Sie says TCI's biggest test came in Pittburgh, where Warner Amex had already sunk more than $100 million into a disastrous venture. In October 1984, TCI bought the system for $93 million—but only after persuading city officials to accept a more economical system. Now TCI's operating cash flow there exceeds $10 million a year. In addition to the Washington venture, TCI has also recently won franchises to build cable systems in St. Louis and in more than half of Chicago.

Rapid growth, says Sie, is the "fundamental objective" devised by TCI chairman Robert Magness and president John Malone. "We're run very much like a real-estate business," Sie says. "Rather than worrying about corporate dividends, it's a cash-flow strategy, based on continuing acquisition of assets." Cable analyst Paul Bortz notes that, "by buying new cable systems, TCI can avoid paying income taxes because they can shelter the money." In fact, TCI paid virtually no taxes in 1984, and has already juggled its investments to avoid taxes in the near future. By the end of 1984, the company had $41 million in available future tax credits and was carrying, on paper, $84 million in operating losses that will be used to offset future profits. Sie notes that TCI can afford to pursue a no-dividend strategy because the company's officers own a large percentage of its stock. And there's another advantage, he says: "Unlike other cable companies, we don't have to worry about a takeover."

Bortz notes that other cable companies are trying to learn from TCI's success. "Warner Amex has changed its philosophy dramatically since Drew Lewis took over" as chief executive officer in 1983: "No more gold-plated systems," he notes. Even Lewis's predecessor at Warner Amex, Gustave Hauser, pioneer of the 24-karat approach to franchising, appears to have wised up. Late last year his Hauser Communications offered to buy a failing cable system in the Washington suburb of Montgomery County, Maryland. But before it completes the deal, Hauser is insisting the county agree on a radically scaled-back TCI-style system.

FRANK O'DONNELL

Frank O'Donnell is a Washington reporter who writes on media and business topics.

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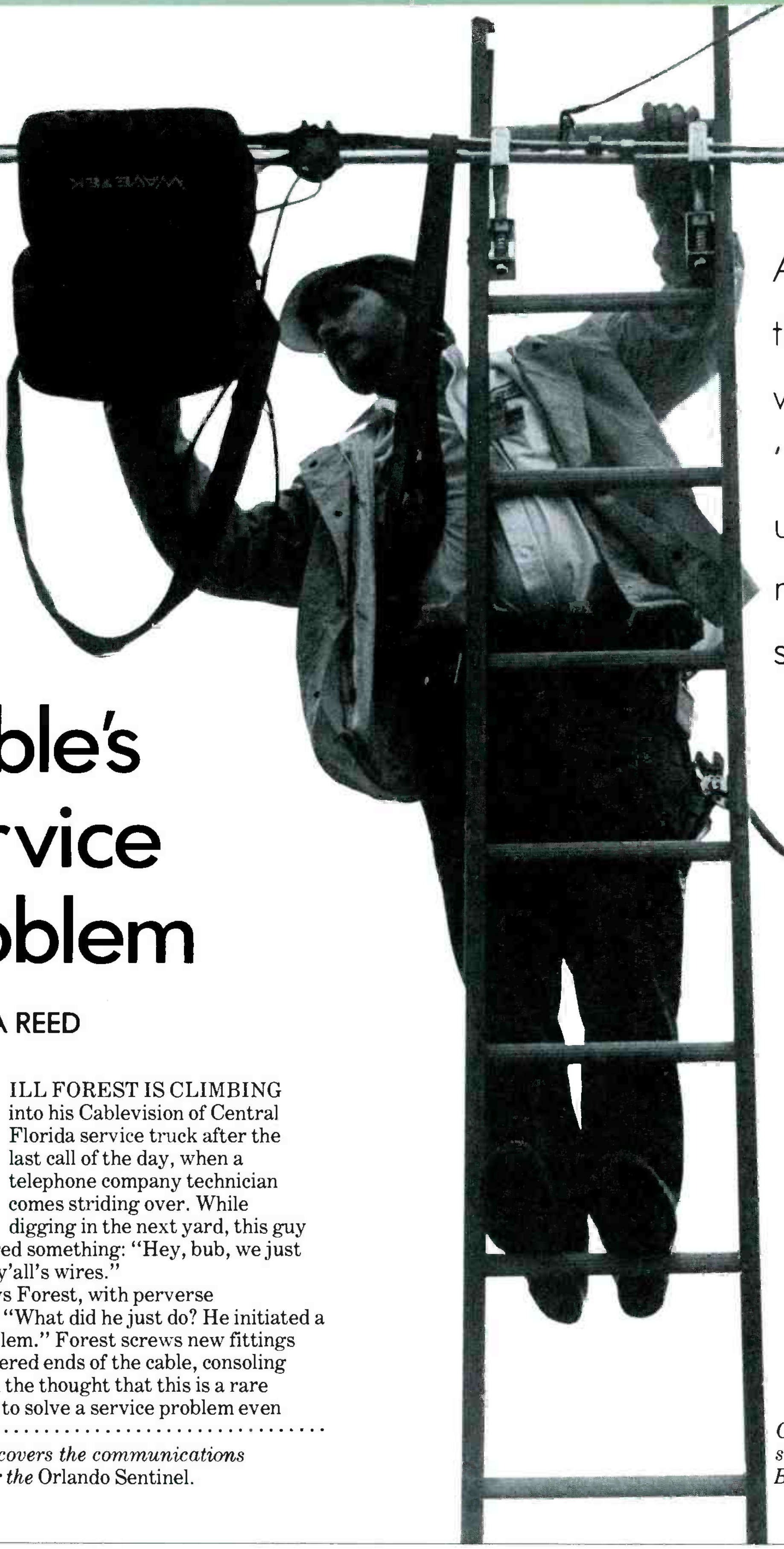


A report from the battlefield, where the 'information utility' loses many a subscriber

Cable's Service Problem

BY JULIA REED

BILL FOREST IS CLIMBING into his Cablevision of Central Florida service truck after the last call of the day, when a telephone company technician comes striding over. While digging in the next yard, this guy has discovered something: "Hey, bub, we just cut a few of y'all's wires."

"See," says Forest, with perverse satisfaction. "What did he just do? He initiated a service problem." Forest screws new fittings onto the severed ends of the cable, consoling himself with the thought that this is a rare opportunity to solve a service problem even

Julia Reed covers the communications industry for the Orlando Sentinel.

Cablevision supervisor Bill Forest

RED HUBER

before an angry subscriber lights up the complaint line back at the office. Here's one less subscriber who might be frustrated enough to cut off service.

For a medium with the extensive physical plant of a public utility, service is a strategic battleground. "Every piece of research we do says that the biggest reason for dropping service is dissatisfaction with customer service," says Steve McMahon, vice president of the system, which is Florida's largest and the country's fourth biggest.

Forest, one of the system's area maintenance supervisors, starts this late-December day with a very nervous customer. There's no picture on the TV set, and Forest is the second technician in less than a week to work on the problem. The customer's spiritual well-being during the holiday bowl games hangs in the balance.

Forest disconnects the set from the cable and checks the signal flowing through the cable, using a field strength meter. No signal. He walks out to the pedestal, the gray metal box in which the customer's cable meets the neighborhood feeder line, and tests the feeder. The signal tests loud and clear. But before he reconnects the cable Forest notices that a thin aluminum wire from somewhere within it is touching its center conductor, probably causing a short. He moves the wire back into place with pliers and grins, victorious. "You gotta be able to look and you gotta be able to find them all," he says.

Back inside, the picture is clear. The customer is reveling. "The other guy told us it was the set," he says, "but that set in there is new." Forest grimaces at this. Later he explains, "There's only one way we can tell a customer that he's got a bad set, and that's to test the cable with our own spare set in the service truck." Is the first technician in trouble? "You betcha. I'm going to hang him."

A lot of cable subscribers have expressed precisely the same sentiment. They complain of unexplained and prolonged power outages throughout neighborhoods, of inefficient telephone operators at cable headquarters, of inconvenient service times and inept technicians. Forest knows those complaints well. A seven-year veteran of the system, he's responsible for maintaining almost 1,000 of its 4,000 miles of cable in the Orlando area. He makes service calls; he checks the work of his technicians; he earns a lot of overtime.

Forest usually hauls a hefty tool belt with him, but for perhaps his most important kind of call, he leaves it in the truck. Those are his "P.R. calls"—visits to soothe the customers who are ready to pull the plug for good, customers who have decided that no video cornucopia is worth the trouble of keeping the cable working. For instance: "A customer has had a couple of outages and he's about to disconnect, and I go and explain in person, rather than some ding-a-ling on the telephone who doesn't know what they're talking about."

IF OPERATORS DON'T IMPROVE SERVICE QUALITY, ONE EXEC WARNS, FANCY NEW GIMMICKS WON'T SAVE THEM.

Forest is smooth. He usually keeps the subscriber. Lately he has even been able to offer customers some concrete proof that their service will indeed get better. "When I first came here seven years ago, things were definitely shabby," he says. "I can't deny that, but they have definitely improved." They have improved because the cable company, like other large cable operators around the nation, realized it was time to get its house in order. At long last, angry subscribers aren't the only ones confronted with problems.

"We do a lousy job," admitted Marc Nathanson, president of California-based Falcon Communications, at December's Western Cable Show in Anaheim, California. "And the challenge is to improve the job of customer service, of answering phones or sending out a correct bill, of having good signals at home."

Robert Clasen, chairman of Comcast, was equally harsh. "In major market after major market, cable customers can't reach us by telephone, and when we schedule an installation or service call, seven out of 10 times we miss it." If companies don't give first priority to "stabilizing and satisfying our customer base," Clasen warned, "then all the satellite scrambling and impulse pay-per-view will not save us."

The thought had already occurred to executives at Cablevision of Central Florida. While the company is still actively experimenting with such new revenue sources as pay-per-view, videotex, and even alarm systems, it spent more than $2 million last year on a new phone system to take customer calls, a new data processing system, and equipment to prevent the frequent outages that have plagued the system for years.

Why has it taken so long for the industry, including its biggest operators, to hear and heed the cries of angry customers? They certainly didn't lack the money. American Television and Communication, the Time Inc. subsidiary that owns Cablevision of Central Florida, is the country's second-largest cable operator and a consistent money-maker. The central Florida operation alone has 200,000 subscribers paying a monthly average of $21 each.

A likely explanation for cable's tardy recognition of its service problems is that the medium has been far too busy expanding. "In our heyday we were laying 400 to 500 miles a year," says Bill Brown, Cablevision of Central

Cable's Service Problem

Florida president. "That's a lot of cable." Now the company is addressing its built-in defects.

The first problem addressed last year was the company's primitive office phone system. In survey after survey, its subscribers listed as their chief complaint the excessive wait required to get through to a service representative. Some became accustomed to being on hold for as long as 10 or 15 minutes when calling for installation or repair service. Now the new, computerized, $350,000 phone system tells the service reps which lines have the most people on hold. "The initial target was to talk to people within two minutes 95 percent of the time," Brown says. "We achieved 100 percent in two months. Now we're [talking to people within] one minute."

The company has also spent $1.5 million on computer hardware, software, and operators to straighten out customers' bills. The computers give clerks the full service picture on all customers, including whether they pay bills on time, have dogs, or speak Spanish. Until last year, the task of billing the Florida subscribers had been farmed out to an independent company in California, three time zones away. "We couldn't respond in a timely fashion," Brown concedes.

The company has not ignored the cable itself. Frequent outages have also been near the top of the list of customer complaints. "People said, 'Every time it rains my cabie goes out,' " Brown recalls. Seeking a reason for this, technicians found a problem with fuses. There are fuses throughout the system—in the amplifiers located about every 2,500 feet along the main trunk lines, as well as on the feeder lines that branch into the neighborhoods. If the fuses detect a power surge, they are supposed to shut off the cable, protecting the equipment farther down the line. But the fuses in the feeder lines were less sensitive than those in the main trunks, so when a surge occurred in a neighborhood feeder, it would blow the entire trunk line, affecting as many as 10

NOW COMPANIES ARE FIXING DEFECTS THEY BUILT INTO SYSTEMS IN THE CABLE-LAYING HEYDAY.

neighborhoods. How could that have been allowed to happen? Brown said that the company bought amplifiers 15 years ago, from a concern that is now out of business. "When you have a system that has been here this many years, a number of technological changes have occurred."

To catch unforeseen problems like the mismatched fuses, the firm created an outage control team of as many as eight technicians. At a cost of some $400,000 the team tracked every outage last year. It is now poring over every inch of cable to make further design changes. "What we are doing now," Brown says, "is analyzing what we have, doing it right instead of just patching it. The outage total has been reduced by 61 percent in the last six months."

Another current project is the improvement of personnel quality, according to Forest. "There are training programs going on all the time. We try to get technicians with some cable background or with some kind of electrical knowledge, and we train them as well, but you don't know until they get out there. It's a big problem all cable companies have." Aptitude isn't the only quality the company is searching for. "We're being real selective on who we take into the company," Forest adds. "The big thing we have going right now is image—image with the community. We take clean-cut, all-American boys."

Forest says the company is also considering a new radio dispatching system, which would help customers know when to expect the technician. Almost half the calls Forest made on his day out were in vain.

Of course, no matter what the company does to increase its service efficiency, the system will have its problems. A cable system is a fragile tangle of electrical conductors vulnerable to lightning, misplaced shovels, inept technicians, and the weather. "Temperature is a biggie," says Forest. "Cable, being a metal, is going to expand and contract. All of a sudden, something that wasn't touching is now touching and causing a problem." Many problems are handled quickly by replacing the metal cable fittings that corrode in Florida's humid climate.

Since undertaking service improvements, the company can do some boasting to its customers, though it keeps its humility. In a newsletter sent out with its December bills, it outlined corrective measures taken during the year, while recognizing "there is still a good deal of room for further achievement."

The company thereby gains more than a good-guy image. "The single most profitable thing we can do is to increase our basic subscriber penetration," says vice president Steve McMahon. The cable already runs past nearly every home in five counties, he points out. "We made the investment to serve them all, but only 56 percent take us. To get 60 percent, there's no more investment. If we get into alarm service or pay-per-view, we have to make new investments in technology and people, but to add 4 or 5 percent more people to our basic subscriber list, that money goes straight to our bottom line. To do that, we have to improve customer service."

Cablevision of Central Florida's subscriber base grew by 1.5 percent last year, bringing in an additional $1.5 million in revenue—almost enough to pay for the latest system improvements, which will last many years. Next year's gains could in fact go straight to the bottom line. ●

Chances of a Lifetime

After three false starts, will cable's 'women's channel' work? BY PETER AINSLIE

THERE ARE TWO kinds of success in the cable-programming business: the kind that makes money and the kind that merely makes waves. MTV and the Cable News Network, because they fundamentally altered the way people use television, were declared successes long before they made their first dollar. The question facing Lifetime, the two-year-old basic cable channel that so far is just making wavelets, is one of survival: Can a service that has risen from the ashes of three unsuccessful format attempts make a go of it with a fourth?

Even with the backing of three powerful corporate parents—Capital Cities/ABC, Hearst, and Viacom—Lifetime has not yet solved the central problem in programming basic cable—how to eke out an identity among the multitude of services available, and how to turn that identity into a profit-making venture.

Lifetime's lineage goes back to the 1982 start-up of Daytime and the Cable Health Network, two basic channels decked out with something called "lifestyle" and health-and-fitness informational programming, both of which catered largely to women. Each struggled in vain for two years to gain the adoration of a nation, but Daytime was on too little each day (five hours) to find an audience, and CHN too much (24 hours) to keep its programming fresh. And when it was time in 1984 to hold them or fold them, their owners—ABC and Hearst for Daytime and Viacom for CHN—decided to share the risk and blend the two services into one. At the beginning of 1985, the parents anted up a total of $25 million to relaunch the renamed Lifetime channel as "talk television," a format that chatted its way $16 million deep in red ink by the end of the year.

Despite the tough sledding, however, Lifetime did succeed in creating one of the first bona fide cable "personalities": Dr. Ruth Westheimer, the diminutive guru of groan, who holds forth nightly on the network's best-rated show, dispensing explicit advice of a sexual nature to an apparently (at last!) adoring public. Lifetime soon turned Dr. Ruth into a cottage industry: She became a regular on NBC's *Letterman* show, she graced the cover of *People*, and began grinding out books, newspaper columns, home video tapes, and a sex-oriented board game. Dr. Ruth was too good to be true, and Lifetime suddenly found itself with the closest thing yet to an identity.

And, yes, it turned out that Dr. Ruth *was* too good to be true. All that talk about clitoral stimulation and lubricating gels made national advertisers jittery. Lifetime officials insist that viewer mail on the show rarely runs to outrage, and they also maintain that cable operators have found *Good Sex With Dr. Ruth* one of the most popular local ad vehicles in all of basic cable. But national account representatives were for the most part not persuaded, and the show remains a tough sell.

Lifetime had coasted a bit after gaining its new parents in 1984, attracting a scanty viewership so overwhelmingly female in composition that the sales department began complaining it couldn't get ads from Detroit or IBM because no men were watching. Enter Tom Burchill, founder and president of RKO Radio

Peter Ainslie reported on the television industry for four years at Time *magazine before joining* Channels *as senior correspondent.*

DR. RUTH'S FRANK TALK ABOUT SEX ON THE CHANNEL'S BEST-RATED SHOW MAKES NATIONAL ADVERTISERS JITTERY.

Chances of a Lifetime

Networks, who was installed as Lifetime's new president a few months after the merger. Burchill briefly contemplated recasting Lifetime in the WTBS/USA mold—imitating an independent TV station, with a mix of sports, movies, and old network fare. Instead he took a page from his radio book, hooked up phones in the studios, and inaugurated talk television. "People really didn't know what Lifetime was," says Burchill, a suave 44-year-old with steely blue eyes and a pair of Presidential cuff links (a gift from Reagan) at his wrists. "Talk television was just a tag to let people know what we were, since most of our programming was informational."

But talk TV didn't sing. It was often dull, and on shows such as *Regis Philbin's Lifestyles*, the phones seemed a contrivance. Besides, talk shows, like soap operas, need time to find an audience. "Unless one is prepared financially and emotionally to give that kind of concept the time it needs to develop, it's very difficult to have an overnight hit," says Mary Alice Dwyer-Dobbin, former Lifetime programming vice president, who had brought Dr. Ruth to the network.

Indeed, talk television's morning viewership was so slight for most of 1985 that it was unreportable, and afternoon ratings weren't a whole lot better, generally registering .3s and .4s (fewer than 100,000 viewers). Prime time, with Dr. Ruth on hand, did slightly better, averaging a .5 rating for most of the year.

And there was more bad news on the way. A few months after joining Lifetime, Burchill's name was mentioned in connection with an RKO Radio scheme to defraud its advertisers of almost $8 million for ads that never ran. Lifetime's corporate parents were not pleased with this turn of events, but have steadfastly supported Burchill throughout. Says Raymond Joslin, president of the Hearst Cable Communications division: "What basic information we have led us to believe that Tom is not guilty of what he may have been accused of. Tom is very much a straight shooter and very much the kind of person we want to have directing our activities."

Another bright spot in all the bad news was, oddly enough, the doctor-oriented medical programming that had been checkerboarded across Lifetime's schedule since CHN days. With such titles as "Percutaneous Transluminal Coronary Angioplasty" and "Rheumatology Update," these shows featured top-notch panels discussing the latest research in their specialties. Burchill's brilliant stroke was to consolidate all of the programs into one daylong extravaganza and call it *Doctor's Sunday*. Nowadays the program block reaches 100,000 doctors a month, and its pharmaceutical advertisers are providing 25 percent of Lifetime's annual ad revenue.

The rest of the week was ailing, however, and in August Burchill pulled the plug on talk television. With research still telling him about the channel's strong female demographics, he this time decided to go with the flow. Once again, Lifetime would become a women's channel. Once again the promoters geared up to let the industry know what was happening, this time with the slogan: "There's Nothing Like a Woman's Lifetime." Burchill also signed a long-term contract with a Manhattan production facility and moved to bring Lifetime's original programming in-house. This has proved so cost-efficient that, with no noticeable budget increase, the network is tripling the number of new Dr. Ruth episodes this year, to 195 (each one costs about $17,000) and doubling the number of new Regis Philbin shows. Burchill also brought in a new programming vice president, Group W's Charles Gingold, who had earned a reputation as a local-programming savant in his 24 years in broadcasting. Gingold's mandate is to come up with still more original programming.

Burchill could afford these moves because the network had announced that beginning last January, it would phase in a monthly charge to cable operators of three to four cents per subscriber, which he says will generate roughly $100 million during the next three to five years. Resistance from cable operators never materialized, and the network's audience of 24 million households held firm. And the influx of cash will help ease the network into the black by late 1986, according to Hearst's Joslin.

As ever, Madison Avenue is divided over whether Lifetime can overcome its identity problems and mature. Paul Isacsson, executive vice president for broadcast programming and purchasing at Young & Rubicam, which spends twice as much on cable advertising as any other ad agency, minces no words on the subject: "The cynic in me says they should have gone out of business last year. They've confused a lot of supporters and turned them off. I don't think they're ever going to be much more than they are." BBDO's Steve Able, vice president for new media, thinks differently: "Lifetime's attractiveness is in our ability to place commercials in an environment that enhances the message, in [Lifetime's] lower unit costs, and in the ability to target demographic groups selectively."

Some industry analysts predict that Cap Cities/ABC will sell off both Lifetime and the Arts & Entertainment Network. "Cap Cities has a truckload of debt on its back and a big tummy-ache in the ABC television network," says analyst Richard MacDonald of First Boston Corporation. "By comparison Lifetime and Arts are matters of nickels and dimes."

Being sold off could even be the best thing that could happen to Lifetime. With one less corporate parent to please, the network might find its search for a strong identity somewhat easier. "It's hard to have three parents," says Alan Gottesman, an analyst for L.F. Rothschild, Unterberg, Towbin. "Gregor Mendel never figured on that. I have a feeling if you look in its X chromosomes you'll find something goofy that explains it all. It doesn't quite know what it is." ●

The Deal That Made Milwaukee Grimace

Many a tier had to fall, but it's all in the game. BY ALAN BORSUK

MILWAUKEE has never been known as a place for dreaming, but some people there once had big dreams for what cable television would bring: many new public services, a wealth of programming at prices anyone could afford, and a clean, rational cable franchising process that would be a model for the nation.

In retrospect Milwaukee's experience was indeed a model—for the high hopes followed by disappointments that cable has brought to many cities. Most of Milwaukee's dreams were pushed aside, in each of the four phases of the 20-year struggle to get the city cabled.

Cable got off to a false start in the first phase, beginning in the mid-1960s when the medium had a Tomorrowland appeal. The Milwaukee Common Council awarded the franchise to Time-Life Broadcasting, but the mayor vetoed the deal in 1971, sending aldermen a host of questions about the proposed system, its ownership, finances, and implications. The mayor's veto was sustained when it became clear that many of the questions could not easily be answered.

In the second phase a special study committee developed, and the council approved, a cable ordinance more than 80 pages long that tightly restricted the franchise holder, required high levels of public access and service, and gave the city a large cut of the income. But the rules were so disadvantageous to cable companies that none expressed interest in cabling Milwaukee.

By 1981, when cable had already come to the surrounding suburbs, Milwaukeeans were agitating for it. The council opened phase three by revising its ordinance so that cable companies would be willing to bid. Aldermen planned extensive reliance on consultants and a citizens advisory panel, and decreed that all proceedings would be held in public. They gave a key role to their utilities committee and adopted special rules to make overriding its recommendations difficult. The goal was to base their selection of cable operator, as much as possible, on the merits of bids. "Not one iota of the procedures was transgressed in the passing of the franchise," says alderman Roy Nabors, who chaired the utilities committee.

But politics nevertheless decided who would get the franchise. When the city began considering the six bids in September 1981, much attention was focused on the local big shots aligned with three of the major bidders, including Warner Amex, Maclean Hunter, and TelePrompTer.

The all-star team was fielded by Warner Amex: Major investors in its proposed cable operation were a pair of brothers who were well-known developers, another pair who were major contractors, and the well-connected head of the firm that hauls the city's garbage. Lesser investors included the local Teamsters chief and a black community leader; among the lobbyists for the Warner Amex bid were several of the mayor's close allies, as well as his most prominent political foe.

The fourth major bidder, Viacom, took a much different tack. It eschewed rent-a-citizen tactics, bringing in

Alan Borsuk, a reporter and columnist for the Milwaukee Journal, *covered the city's cable franchising ordeal.*

THE DREAM HAD BEEN TO PICK A CABLE OPERATOR ON ITS MERITS. THE REALITY WAS THAT, WITHOUT ANY ILLEGALITY, POLITICS CARRIED THE DAY.

The Deal That Made Milwaukee Grimace

experienced employees and hiring as its local voices an attorney knowledgeable about City Hall and the city's best known public-relations man.

Unlike Chicago, its neighbor to the south, Milwaukee has a reputation for almost embarrassingly clean politics. There was only some small-scale romancing of aldermen. Several held large campaign fund-raising events in the months before the cable vote, even though municipal elections were two years away. Predictably the turnouts were swelled by cable lobbyists.

Viacom and Warner Amex emerged during the spring of 1982 as the most likely finalists. In a key report, the city's consulting firm gave top ratings to Viacom for its system plan and to Warner Amex for its financial proposal. Then in June 1982, in a 3-to-2 vote, the utilities committee recommended Viacom. The final decision and Himalayan stacks of related reading material went before the 16 aldermen. Afterwards it was discovered that some aldermen hadn't even removed documents from the boxes in which they came. In the two days of hectic lobbying between the committee and council meetings, it was Warner Amex, not Viacom, that sewed up the votes.

To many aldermen, the two bids promising to build sophisticated cable systems and charge attractive rates were essentially identical. So the politicians went with what they knew best, which was politics. And Warner Amex had a magnificently well-wired team. Alan Marcuvitz, Viacom's attorney at City Hall, says that Warner Amex's local ties made the difference. "Why would you want to take what was regarded as a great prize and award it to strangers from somewhere else?" he asks. On the final vote only three Viacom supporters from the utilities committee voted against Warner Amex. One council member walked out in protest. The dream had been to pick a cable operator on the merits. The reality was that, without any illegality, politics carried the day.

Milwaukee collided again with reality in January 1984, seven months after Warner Amex and the city had signed a contract calling for cabling to be complete by 1987. Before any cable had been laid, Drew Lewis, chief executive officer of Warner Amex, came to town to demand huge changes in the franchise. The company wanted to halve the system, from 108 channels on

> 'WHY TAKE WHAT WAS REGARDED AS A GREAT PRIZE AND AWARD IT TO STRANGERS FROM SOMEWHERE ELSE?' THE LAWYER ASKED.

a dual cable to 54 channels on a single cable. It wanted to drop its two-way interactive Qube feature, reduce the number of public-access channels, and raise prices. Lewis said Warner Amex would have to pull out of Milwaukee if it could not get its way.

City cable administrator Robert J. Welch called the demands an affront to the people of Milwaukee. But in the 1984 municipal election three months later, no one made cable a campaign issue. There would have been little advantage in reopening the debate. Most people just wanted to get the system built, and would be satisfied with a smaller system carrying the most popular services. If the city told Warner Amex to take a hike, cable would be delayed, new bids might not be any better, and Warner Amex might take the city to court. Perhaps most important, Warner Amex had a strong position: By 1984 it had become clear throughout the nation that cable was neither the communications panacea nor the financial bonanza once expected.

Milwaukee was just the first of several cities in which Warner Amex sought to cut services and increase prices. According to Paul Kagan Associates, cable contracts have been renegotiated before construction in eight of the top 30 markets, and another 13 have seen renegotiation at some other point in the process. It became the rule rather than the exception to redo franchise deals that everyone thought had been done.

In July 1984 the council voted to accede to Warner Amex's demands, giving up on a number of cable dreams. Milwaukee today is in the fifth phase of its cable history. Installation is slightly ahead of schedule, having passed 40,000 homes as of December. The white trucks aren't heralded as conveyors of a communications revolution. They're just bringing somewhat more diverse choices in television. "We bargained for and purchased a Cadillac, and received a Toyota," says alderman Nabors. "But a Toyota is a good car." It's a solid, conventional cable system, but it isn't interactive, and it has five public-access channels instead of 13. The institutional network connecting public buildings will be at best a shadow of what was originally proposed. Basic service costs $11.95 a month for 35 channels instead of the promised $4.95 for 61 channels.

Milwaukee's dreamers were disappointed despite the fact that City Hall followed all the right procedures. They aimed to ride cable into the 21st century, but found themselves down-to-earth in the 20th. ●

Harvest of Sham

DOCUDRAMAS that reprocess events for entertainment purposes loosen the viewers' grip on reality. Ed Murrow would have hated 'Murrow' for reducing the complex conflict at CBS to a brawl.

by Daniel Schorr

Dramas based on fact are part of literature and the theater, and we think if television is to be a vital and contemporary medium, they have to be a part of television."

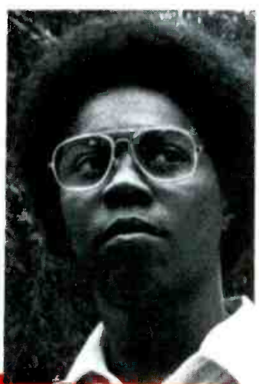
Thus, with some spirit, did Donald Wear, vice president of the CBS Broadcast Group, respond to critics who say docudrama represents entertainment's unprovoked aggression against the shrinking world of reality. Wear was defending docudramas while CBS was under attack for the most controversial show of the 1985 season, *The Atlanta Child Murders*, which outraged many by suggesting a conspiratorial miscarriage of justice.

But CBS had a markedly different view of another controversial docudrama, *Murrow*, whose setting was CBS itself and which appeared on Home Box Office in January. The network has left it mainly to its news stars to register outrage at the docudrama's treatment of William S. Paley, former CBS chairman, and Frank Stanton, former president. Walter Cronkite called the dramatization "a docudrama of the worst type."

My own opinion is that *Murrow* is far from being the worst, or the best, of that genre of entertainment that shreds, compacts, and reprocesses real lives and events to make them more exciting. It goes wrong in ways many docudramas do. It is depressing, for instance, to see men of stature, such as Paley and Stanton, diminished both by the script and the actors chosen to portray them. They appear not only as villains, but as rather uninteresting villains. The production also manages to diminish Edward R. Murrow as it seeks to canonize him. The well-researched dialogue given to his impersonator, Daniel J. Travanti, seems authentic enough, and the actor cleverly imitates the newsman's cigarette-dangling mannerisms—but he totally lacks Murrow's style and force of personality, and the bold lines ring hollow.

Distortion of a man's personality, however, is the least of *Murrow*'s faults. More serious is what happens when, to meet show-biz requirements, a large and

THE WORST of the genre compound Americans' uncertainty about traumatic events, perverting the Watergate tragedy and suggesting that the real killers of JFK and the Atlanta children went free.



Calvin Levels

Wayne Williams

complex conflict is reduced to a brawl. Presenting the Murrow-CBS conflict of the late 1950s as a struggle between good guys and bad guys, between crusading journalist and corporate greed, not only distorts the truth but misses the real drama of Murrow's *Götterdämmerung.*

The real conflict—which the television industry still has not resolved—was between a journalistic conception of responsibility to the public and a corporate conception of responsibility to stockholders in a vast and chronically insecure entertainment enterprise to which, after all, journalism is a relatively small and often irritating appendage. There was a better story than the one told on HBO. The real drama in the open Murrow-Stanton feud, and the less visible Murrow-Paley conflict, was a tragedy in the Greek manner: honorable men propelled on a collision course no intermediary could change. Murrow and Stanton warred over whether the newsman's public statements that criticized television's underachievement were undermining Stanton's desperate efforts to repair CBS's credibility after the 1959 quiz-show scandals. Murrow, who was on sabbatical at the time, never really returned to work in the news organization he virtually founded.

John McMartin (left)

Frank Stanton

In real life, Murrow admitted to friends, "If I were in charge of CBS, I am sure it would go broke." And Stanton, long after he and Murrow had exchanged their last civil words, warmly endorsed him to President-elect Kennedy to head the U.S. Information Agency.

Murrow, who demanded "information, unslanted, untarnished, and undistorted," would have hated *Murrow.* Docudramas epitomize the manipulation he abhorred in television. CBS, however, has less reason to complain, because it pioneered programming on the frontier between reality and fantasy.

In the 1950s, and then later in a Saturday-morning version in the 1970s, the network assigned Walter Cronkite to host *You Are There!* (the original radio version had been titled *CBS Is There!*). The series put news correspondents, CBS's guardians of reality, on stage sets with professional actors reenacting events of pre-television history.

I once played (voluntarily and for a fee, let me admit) a television correspondent on the scene in Berlin during World War I for an episode titled "The Zimmermann Telegram." Surrounded by actors playing German diplomats, I reported "live" from the Wilhelmstrasse on the developing crisis in German-U.S. relations—an anachronism that may have confused viewers who had seen me reporting from Berlin only a few years earlier. That was precisely the point of the gimmick.

From such seeds the docudrama grew. Indeed, this convergence of reality and fantasy was only the logical result of the magnetic pull between them. While Jason Robards was learning to play Ben Bradlee and President Nixon in two major docudramas, actual news correspondents were learning make-up and camera angles for their own broadcasts, as well as techniques of the rehearsed ad lib, the reflective nod of the "reaction shot," and the adept use of TelePrompTers to simulate feats of memory. Journalism borrowed from the theater, highlighting personality clashes to heighten the excitement of events, and theater borrowed journalism's documentary techniques. Reality became increasingly fantastic, and fantasy increasingly realistic.

Docudramas have removed the last remaining inhibitions against the assault on reality. At best they simplify reality, at worst pervert it. Many of those dealing with such figures of the past as Marco Polo, Christopher Columbus, and General Custer took some license with history but seemed relatively harmless, and many historical dramas have had redeeming qualities. *Holocaust* on NBC and Herman Wouk's *The Winds of War* on ABC, despite their over-personalization of cataclysmic events, were based on serious research and brought important subjects to a mass audience. Alex Haley's *Roots* on ABC was a powerful morality play.

But program executives also preyed on unauthenticated rumors, about Franklin and Eleanor Roosevelt, Marilyn Monroe, and the Kennedy brothers—Joseph Jr., John, and Robert. And some docudramas have distorted what journalists and historians were honestly able to discern and write about real events. ABC's *Attica*, in 1980, altered Tom Wicker's ambiguous account of a prison uprising to suggest that the authorities attacked the prisoners after, not before, the prisoners threatened the lives of hostages they were holding—a key element in judging the case. More recently, *A Hero's Story* on NBC distorted for the sake of titillation the relationship between the Swedish diplomat Raoul Wallenberg and a Hungarian noblewoman who was helping him save the lives of thousands of Jews during World War II.

Of the docudramas I have seen over the years, I have found three particularly offensive, because they have exploited—and compounded—Americans' uncertainty about traumatic episodes of the recent past.

• ABC's *Washington: Behind Closed Doors* (1977) created the impression that President Nixon, covering up Watergate, and CIA director Richard Helms, covering up a political assassination, may have blackmailed each other into silence in a meeting at Camp David. The mischievous script came from a novel by John Ehrlichman, a disaffected former Nixon aide. Along with *Blind Ambition*, the less outrageous but still tendentious dramatization of a book by John Dean, another disaffected aide, *Behind Closed Doors* gave millions of Americans a perverted view of Watergate's real drama and tragedy.

• ABC's *The Trial of Lee Harvey Oswald* (1977) suggested that if Oswald had survived to be tried for killing President Kennedy, he would have emerged as the innocent scapegoat for Mafia or CIA assassins. The script hinted at President Johnson's complicity when the prosecutor asserted that he would press his investigation, "no matter how many Presidents call me from Washington to tell me to stop digging."

• *The Atlanta Child Murders* led viewers toward the conclusion that Wayne B. Williams, convicted of two murders and linked to 23 others in one of the most agonizing episodes of any American city's history, was actually innocent. The Abby Mann script indicated that Williams had been railroaded by city officials anxious to restore Atlanta's reputation.

Following the broadcast, Donald Wear of CBS responded to Atlanta's civic outrage by pontificating about television's need to be "vital and contemporary." But shortly thereafter the network published guidelines for docudramas, stating that "factual elements should be accurate and cannot be changed merely to enhance dramatic value." George Busbee, former governor of Georgia, commented that had those guidelines been applied earlier, *Child Murders* would never have reached the screen.

ABC has guidelines, too. They require that "the overall presentation impart authenticity regardless of whether or not dramatic license has been exercised for portrayals of characters or composites of persons or events." Would ABC really claim "authenticity" for *Oswald* or *Behind Closed Doors*?

A real issue is whether the entertainment divisions' authentic-looking docudramas affect the credibility of news programs shown on the same channels. Lawrence K. Grossman, president of NBC News, had trouble with that question when interviewed by *The Christian Science Monitor* recently. "That's a complicated question," he said. "I'm not sure I know my own mind about that." He went on to say that "news should be fact and reality, and nobody should reenact anything," but as to drama, "I would not like to restrict anything. There's good drama and there's bad drama."

Does that make everything clear?

David W. Rintels, one of the most prolific and talented of Hollywood docudrama writers, and co-author of *Behind Closed Doors*, has confessed to being troubled by criticism, and faced up to it forthrightly in a 1979 article in *The New York Times*. "We are at the mercy of incomplete and biased sources," he said. "We have to guess at what was said in the bedroom. But we are not liars, and no one should imagine that we change characters or events whimsically or maliciously or—perhaps worst of all—thoughtlessly." Yet, Rintels said, "I do worry that make-believe makes belief," and he pointed to the networks as the source of the problem. "They want the advantages both of exploitation and of sober responsibility," Rintels said. "They give conflicting messages to the creative community about the kinds of shows they are looking for and the treatment of those shows they require. Sometimes they sound publicly like *The New York Times* and privately like *The National Enquirer*."

But television's make-believe makes belief in a way that words on the printed page cannot. It tends to loosen the viewer's grip on reality. For those who find real-life ambiguity too much to contend with, it provides a quick fix. Its messages are seen as easy answers to difficult problems. It substitutes a world of heroes and villains for the world of contending political, economic, and social forces.

Dabney Coleman **(left)**

William S. Paley

Relying on emotional manipulation and sensory experience rather than understanding, while exploiting real persons and events, the docudrama replaces the genuine with the ersatz. In 1938 E. B. White, after seeing his first demonstration of television, predicted a race "between the things that are and the things that seem to be."

Last time I looked, the things that seem to be were pulling ahead. And Ed Murrow, who always hated their masquerading as things that are, had been made into the hero of a seem-to-be docudrama. ●

Daniel Schorr, a CBS News correspondent for 25 years, was probably the last of the network's team hired by Edward R. Murrow. He is now senior news analyst at National Public Radio.

PRIVATE EYE

BRIAN BAILEY

by William A. Henry III

MARY, GROW UP!

For nearly a quarter of a century she has been turning the world on with her smile. America loved her when she was young and married in the happy, sub- urban early '60s. It loved her when she was single and looking for romance in the Me Decade, the '70s. It seems to have welcomed her, albeit a little less enthusiastically, as divorced and learning to be more aggressive in the rugged-individualist '80s. Mary Tyler Moore, or at least the character she has portrayed all these years, belongs on television. But isn't it time she really grew up?

Moore admits to being 47. She is on her third marriage and at least her sixth TV series. She has struggled with diabetes and overmedication, the psychic agonies of divorce, and the accidental shooting death of her only child. If she has any sense, she worries about her own mortality, about the potential fading of her looks and popularity, about what it may mean to grow old. She is presumably past childbearing age and could easily be a grandmother. Why, then, must she go on being perky?

Still perky after all these years

When her latest venture was announced, I didn't mind that it was so similar to *The Mary Tyler Moore Show* of her halcyon days. She is working at a half-baked Chicago newspaper instead of a half-baked Minneapolis TV station; she is coping with the macho condescension of the editor instead of the macho paternalism of the news director; she is surrounded by loonies including a vain critic, a caustic female writer, and an airhead blond neighbor, instead of a vain anchorman, a caustic male writer, and an airhead blond neighbor. The MTM series was not just a show, it was a *style* of show. So why not bring it back in the hands of the one person who made it work best?

The pilot was clumsy. But what pilot isn't? So what if the first episode, which aired in December, was busy and helter-skelter? So what if it was shot through with inaccuracies about Chicago, the town it was supposedly set in (the Cubs never play at night, for example, and the original name of her newspaper, the *Chicago Post*, had to be changed because the moniker already belonged to a newsletter published by a city official)? Mary Tyler Moore and her MTM company had a track record of building toward quality work, and I was prepared to believe it would come in time.

What has kept disappointing me throughout the opening weeks is Mary herself. While I have grown two dozen years older since I saw the first installment of *The Dick Van Dyke Show*, she hasn't. Her character still bubbles with the giddy optimism of youth. Essentially she voices none of the doubt, the sense of horizons narrowing, that normally characterizes middle age. She carries herself with none of the professional self-confidence that normally accrues to a 47-year-old who has been working all her adult life. When she is nervous and defensive, she expresses none of the undercurrent of fear that might beset a person her age—the idea that time has perhaps passed her by. Instead, her edginess is that of a girl perhaps a few years out of school, one who knows she can succeed if only, despite her youth, she manages to get a chance. She hasn't said enough about her sour marriage, about the husband who left her (Why? Who would be a better catch?), about the issue of having children—or, given her age, reconciling herself to childlessness. What it comes down to is that she lives not on our planet but in that nebulous television zone of perpetual youth and beauty, in which you remain an ingenue as long as possible, then abruptly lurch into playing somebody's mother. Sure, Moore looks good. But is it right to say that she doesn't look 47? Obviously, she *is* 47. How much more liberating a statement it would be if her character could be attractive, poised, capable, all the things she says she is, and also comfortable with the weight of her years.

Her girlish bearing has been outgrown, due not only to our increased sophistication but to her own very public aging.

In some inarticulate way the show's producers seem to grasp what is wrong. The common thread in the opening episodes has been Mary's niceness, her almost cloying decency and good cheer, and the way it leads people to mistrust her capacity to do her work. She is determined to maintain her ladylike manner and still prove everyone wrong. In part this is a blast at journalists, who are regarded, not altogether unfairly, as having been trained by only one school—a school of piranhas. In part, too, the conflict between Mary and her colleagues is a positive post-feminist statement, an assertion that a woman need not be more like a man in order to match his competence. But it is also an uneasy reflection of the fact that her girlish bearing has been outgrown; not only have we become more sophisticated since the heyday of the suburban nymphet Laura Petrie, but Moore has also, very publicly, aged. When her co-workers keep telling her she is too nice, too mannered, too old-fashioned, they are implicitly expressing what everyone in the audience knows—that there is something deeply inauthentic in not-quite-30ish behavior from a nearly 50ish woman. If *Mary* is to last, it has to let its central character ripen into a person more like the actress playing her, someone who has been around a bit and knows what she knows. It's you, girl, and you should know it. ●

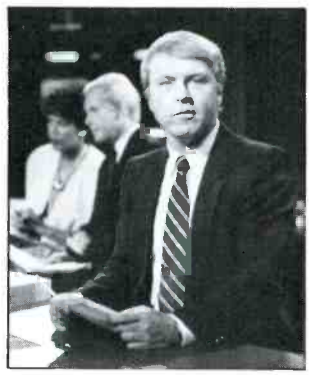
BRUCE SCHWOEGLER
For The Record

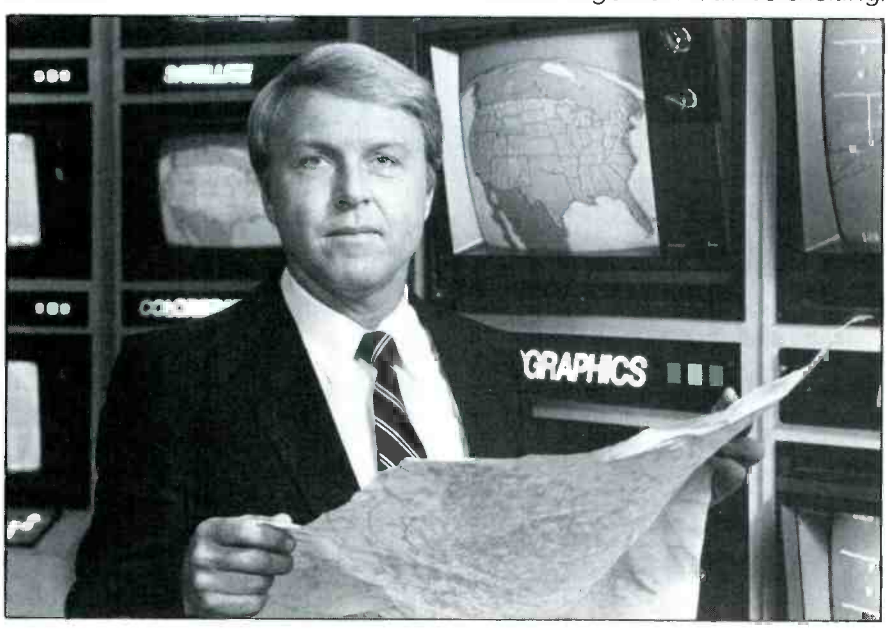
"I've been at WBZ-TV since 1968, the longest running weather anchor in Boston. I love it. This is a very dynamic area. New England's climate is very exciting. Because of the ocean and the mountains we get many changes within a small area. That's why I do a complete weather story. We have access to the most sophisticated analysis computer in the country. I use it, along with weather maps, satellite pictures, radar scopes and other computer information to put together forecasts. That's especially important when the weather is changing - when a heavy storm system is coming in. By doing my own forecasting I can be on the air as things are breaking."

"Because New England is so vast - Cape Cod to Vermont - it's difficult to report exactly where every weather front is. That's why education is so important. I present New Englanders with information that helps them understand why things happen . . . how the weather effects not only their plans to go shopping downtown, but their health and the rest of their environment."

"It's important for me to be a communicator as well as a scientist. I enjoy teaching. That's why I do the **Weatherwise And Otherwhys** family lecture series at the Museum of Science, why I'm the environmental correspondent for UPI, and why I've written a reference book on renewable energy. I like helping people discover something new."

"In New England the weather can often be the most important news of the day. When a major weather story breaks, everyone here at Eyewitness News pitches in. There's a lot of camaraderie at the station between the people on the air and the people behind the scenes. We work as a team, especially in a time of crisis. Making it all come together . . . that's exciting."





EYEWITNESS NEWS **WBZ-TV BOSTON 4**

The Station New England Turns To.

HOLLYWOOD INC.


BRIAN BAILEY

by Rick Du Brow

THE GOLDBERG VARIATION

When Gary David Goldberg came up with the idea for a sitcom about liberal parents who grew up in the '60s and their conservative, Reagan-era son, he felt sure it would strike a chord with the audience. But CBS disagreed; the network, according to Goldberg, rejected the idea. So Goldberg went to NBC; and *Family Ties*, now in its fourth season, has become the second-most-watched series on television. The episode illustrates NBC's feel for the changing currents of the '80s, as well as its willingness to take risks on shows—and producers—with unconventional ideas.

The sale of the reruns for syndication has already made Goldberg, the 41-year-old executive producer of the series, a multimillionaire. But his personal fortune has hinged on the stroke of luck that CBS and NBC did not think alike.

It has not hurt *Family Ties* to have as its lead-in the most-watched series on television, *The Cosby Show*. But amid all the praise for Cosby's role in bringing solid family comedy back to television, it should be noted that *Family Ties* was on the air for two seasons before the comedian arrived with his series. Despite low ratings, despite the industry belief that television comedy was dead, despite pronouncements that nuclear families were quaint relics of the past, NBC stuck with Goldberg's series, believing he was on to something.


'Ties' producer Gary David Goldberg

CBS, the prisoner of Sixth Avenue success, had lost touch with the young audience and rejected 'Family Ties.'

In a curiously coincidental way, the fortunes of *Family Ties* bear an important resemblance to those that brought the socially pertinent series *All in the Family* to television at the start of the '70s. Both series owed their birth to executives who sensed the changing times. *All in the Family* found a champion at CBS in Robert Wood, who was then president of the network. *Family Ties* found its champions in NBC Entertainment chairman Brandon Tartikoff and NBC chairman Grant Tinker. It is instructive that former CBS chairman William Paley singled out Wood's modernizing of the network's programs in his autobiography, *As It Happened*, saying, "The problem, as he saw it, was that we had become the prisoners of our own tremendous success as the Number One network throughout the '60s. The longer our top-rated series lasted, the older our audiences became. . . .On the outside, it was a time of youth's uprisings in the ghettos and on college campuses." Thus CBS, which had thrived on rural comedies, soon became the network of *M*A*S*H*, *The Mary Tyler Moore Show*, and *All in the Family*.

The lesson and strategy should have been etched in CBS's memory. But in a remarkable cyclical recurrence, CBS again finds itself plagued by demographics that show it has lost the young audience. Under its senior vice president for programming, Harvey Shephard, the network had thrived on such shows as *Magnum, P.I.*, *The Dukes of Hazzard*, and *Dallas*. Goldberg says that when he tried to explain to CBS that his series "just involves real people talking, I got a very blank stare. No one was flying. No one was invisible. No one was a moron. They didn't know how this could possibly be a comedy."

What is astonishing is that the two series that turned NBC into a ratings power, *Cosby* and *Family Ties*, were both rejected by the other networks. ABC, also believing that television comedy was dead, turned down *Cosby*. "The difference is that Brandon understood the idea," says Goldberg. "If someone's going to come to you and describe *The Cosby Show* or *Family Ties* and tell you that they were going to work, a person would have a lot of reasons to look at data and say, 'You guys are nuts. No one wants a show about a black family starring a guy who's failed in three other series, or a series about a family that's politically torn.' "

In fact, of course, a politically torn family is exactly what *All in the Family* was about. But Goldberg's point about relying on instinct rather than data is well taken. And it is both ironic and surprising that CBS did not see that *Family Ties* was the almost perfect '80s link to *All in the Family*. One can easily envision the young firebrands of *All in the Family*, Mike and Gloria Stivic, as maturing into the parents in *Family Ties*, startled at the conservative bent of their children. Furthermore, the young star of *Family Ties*, Michael J. Fox, plays Alex, the yuppie Republican heir to the cruder, blowhard Archie Bunker of *All in the Family*. While Alex's political differences with his parents have become secondary to family relationships, his views and image have clearly touched a national nerve. Goldberg, meanwhile, knew he was on the right track with his show because, he says, "every time I'd go to speak at a college, all you'd hear about was jobs. It was basically more résumés than you've ever seen in your life. When I was in college, if someone from a network had come to talk, they'd have torn him to shreds."

Thus armed with a simple, clear insight into the yuppie phenomenon that was unfolding, Goldberg stuck to his guns and found an ally in NBC, where, he says, "the bottom line is that they want your vision of a show, and they're going to sink or swim with that vision. The best shows come from a small idea that somebody really is passionate about." ●

by Walter Karp

Tiptoeing Through The Halls of Power

When the going gets tough, the author claims, the 'MacNeil/Lehrer NewsHour' gets tactful, accepting the official truth rather than pressing for the facts.

October 17, 1985, was an interesting news day for the kind of people who like to watch the *MacNeil/Lehrer NewsHour*. A civilian naval employee named Samuel Loring Morison was found guilty of espionage for giving three classified photographs of a Soviet aircraft carrier to a British military magazine. This made him the first American ever convicted of spying merely for having "leaked" classified information to the press, a transaction so commonplace it occurs a hundred times a day in Washington. The Administration's determination to expand the 1917 Espionage Act had suddenly made it a crime punishable by 10 years in prison to give the American people any information about national defense that the Pentagon chooses to conceal. On October 17, an enormous expansion of secret government had taken place in America, yet the *NewsHour* did not even mention the Morison conviction that night (or later), although the story made the front page of *The Washington Post* the next day.

That same day there was another important story bearing on America's embattled liberties. Representative Peter Rodino (D-NJ), chairman of the House Judiciary Committee, charged that the much-discussed balanced-budget bill was an "unconstitutional" surrender of legislative power to the President. Drawn up by right-wing Republicans in the Senate, the bill, said Rodino, "strikes at the core power of Congress: the power of the purse." Rodino did not stand alone. A few days earlier a conservative Democrat from Louisiana, Senator J. Bennett Johnston, had condemned the bill as "the most damaging to the constitutional process, the most extreme piece of legislation I have ever seen in the Senate in 12 years." Russell Baker of *The New York Times* was so incensed by the bill that he cast off his comic mask and delivered a diatribe against congressmen for "surrendering the power that so many died to give them" in the long Anglo-American struggle against royal tyranny. "Taking the King's Side" was the title of Baker's angry essay.

This ripe story, too, went completely unnoticed by *MacNeil/Lehrer*, which managed to discuss the bill several times without once referring to its constitutional implications. When the House of Representatives came up with its own budget-balancing bill on November 1, viewers of that night's *NewsHour* heard that bill described as "clearly partisan," as something Democrats "could live with," as mere "budget politics." Not once did the *MacNeil/Lehrer NewsHour*, which describes itself as "a quieter, more thoughtful form of journalism," give its 4.5 million viewers the slightest inkling that the goal of the House's "partisan" alternative was to conserve the congressional power of the purse.

On that very interesting October 17 (which Robert MacNeil and Jim Lehrer found so uneventful that they filled their hour with a feature on home mortgages, a feature on "smartening up textbooks," and an interview with a Democratic governor who is tired of politics), yet another ominous constitutional question had surfaced in the *Times*. This was an account of Attorney General Edwin Meese's extraordinary assault on the federal judiciary—including the Supreme Court—for violating the U.S. Constitution with "high-handed" and "bizarre" decisions. The story had surfaced sharply on several occasions during the seven weeks I monitored the *MacNeil/Lehrer NewsHour*. On October 12, Supreme Court Justice William Brennan bitterly assailed (without naming him) Meese's constitutional views as "little more than arrogance cloaked as humility." On October 25 Justice John Paul Stevens went a giant step further: He attacked the Attorney General by name, the first time a Supreme Court member has ever done so in the country's history. Yet neither speech was mentioned, let alone put into the *NewsHour*'s in-depth "Focus" segment, although both were front-page stories in the *Times*.

The issue did not die there. On November 6, it was reported that Meese had declared that the independent government agencies (which date back to the 1887 Interstate Commerce Commission) were an unconstitutional usurpation of the power of the President. That day Senator Joseph Biden of Delaware, a Democratic aspirant to the presidency, accused Meese of trying to "rewrite" the Constitution. Neither story appeared on the *NewsHour*. On November 15, Meese charged that the federal courts practiced an arbitrary "chameleon jurisprudence," a damaging indictment indeed coming from the highest legal officer in the country. That did not make the *NewsHour* either. Between October 7 and November 25, MacNeil and Lehrer maintained an unblemished record of leaving their viewers completely in the dark about what is happening nowadays to democracy in America. This shocking record, I confess, came as a complete surprise to me. When I sat down last October 7 to monitor the *NewsHour* I had no suspicion whatever that its news coverage might have such glaring holes. The very idea of comparing its coverage to that of the great metropolitan dailies did not even occur to me (so mesmerizing is television as a subject unto itself) until the Morison conviction went by unnoted. Here was a story known to every newspaper reporter in Washington, since it had been brewing for a year and had been preceded, moreover, by a fairly lengthy trial.

JUAN SUAREZ BOTAS

Walter Karp's last article for Channels *analyzed the appeal of soap operas.*

With plenty of time to put it into focus, *MacNeil/Lehrer* did not even give it 30 seconds in the preliminary summary of the day's major events.

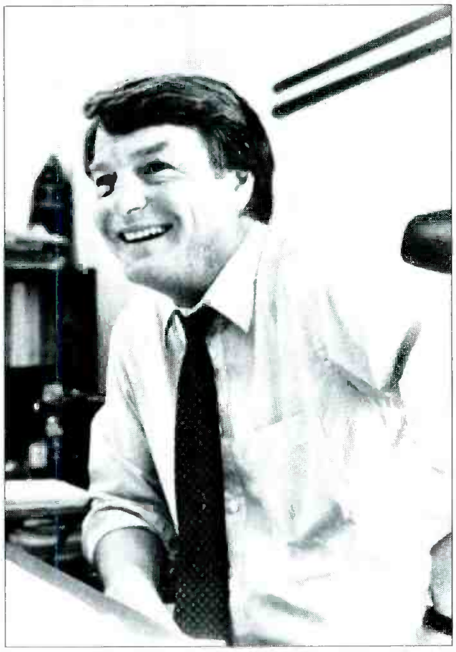
Could it be possible that the *NewsHour* overlooked by accident what was prominently reported in the *Times* or the *Post*? I think not. If it is not beyond the capacity of a young *Times* staff reporter to grasp the importance of these constitutional issues, it seems absurd to suppose it is beyond the capacity of two veteran Washington reporters who made their reputations covering the constitutional crisis of Watergate. This is not an "ideological" point. The Constitution is neither a "liberal" cause nor a "conservative" cause; it is America's cause. Justice Stevens doesn't write for *Mother Jones*, and Senator J. Bennett Johnston doesn't mount a soapbox in Union Square.

For this kind of omission the commercial network news shows have a ready alibi: Their time is short, the stories are long, and their audiences are, in the main, typical TV viewers. But the *NewsHour* has no such excuse. Quite the contrary. According to the program's own studies, its audience is richer, better educated, and more media-conscious than the American average. Even its ill-educated viewers are more politically active than the blue-collar norm. In short, *MacNeil/Lehrer* is watched by the kind of upright citizens who, for two centuries in America, have cared and cared greatly about exactly those democratic and constitutional issues that they were not getting during these seven weeks from the *MacNeil/Lehrer Newshour*.

Local stories are quite often well done on *MacNeil/Lehrer*. I saw one on overcrowded Tennessee prisons that was a gem of filmed political reporting. The overcrowding was traced directly to the reckless, law-and-order demagoguery of the state's leading politicians. They had hotly demanded a drastic increase in prison terms for malefactors without stopping to think that the inevitable result must be a drastic increase in the prison population. The sight of these blusterers on camera struggling with the upshot of their fecklessness was a civics lesson of uncommon eloquence.

I mention the *NewsHour*'s success not just to be fair, but to show that MacNeil, Lehrer, and their associates are skilled and experienced journalists. It cannot be due to incompetence that, when they bring high-ranking officials on the show, they so often ask the wrong questions.

A perfect example of this occurred on October 11 when Judy Woodruff interviewed the Secretary of the Treasury, James Baker III. The Secretary had just angered Senate Republicans by saving the government from "default," thereby relieving pressure on the Democrats to support the balanced-budget bill, which Republicans had attached to legislation raising the ceiling on the national debt. It was obvious to any attentive observer (including MacNeil, as his own comments some days later revealed) that the technical threat of default—and with it the prospect of government checks bouncing, of old widows facing empty cupboards, of ghetto babies in increased want—was a repellent bogey. That was clearly the issue to raise, since Baker had in fact exposed the bogey by a fiscal adjustment that "saved" the government from issuing rubber checks. Woodruff never managed to get to that point. What she wanted to know was why he had disobliged his fellow Republicans. Baker replied, with dignity, that it was his sworn duty as the Secretary of the Treasury to avoid default. In five minutes of irrelevant questioning, a story of the Republicans' cruel mendacity had been turned into a tale of Baker's official probity.



MacNeil and Lehrer are skilled reporters, yet they ignored Administration attacks on the Constitution.

A truly picturesque example of protective questioning, as this technique might be termed, occurred on November 14 when "Jim Lehrer's background report tonight examines . . . arms control." Among those participating in the report was retired Air Force General Russell Dougherty, former head of the Strategic Air Command. "These defense issues," said the general, "are very subject to being rendered the subject of bumper-sticker slogans." He himself liked to compare the U.S.-Soviet arms rivalry to a basketball game. "If tonight in the National Basketball Association, the Phoenix Suns and the Washington Bullets get out there, and one has 109 points and the other has 110 points, they've both got a lot of points; why don't they quit? Well, if you're the Washington Bullets with 110 points you're ready to quit, but if you're the Phoenix Suns with 109, you know, you're not interested in quitting at all. So I think that that is not absurd. It's not how many you've got; it's who's got the edge."

Here was the perpetual pursuit of a nuclear "edge" justified by a loony comparison to the score of a basketball game. Lehrer might have asked the general what had happened to President Nixon's doctrine of nuclear "sufficiency" and to the 30-year-old policy of nuclear deterrence. Had he done so, a few million Americans might have discovered that the Pentagon is filled with top brass who believe with Dougherty that any measure depriving the Soviet Union of a "point" is worth any liberty it may cost us. Lehrer did not press the general. "But figuring out who's got the edge is the tricky part of arms control," was his comment on a point of view that renders every hope of arms control nil.

At long last, after weeks of pre-summit discussions on the *NewsHour*, the meeting between Reagan and Gorbachev took place. "The summit is over and it worked," declared Lehrer, and the *NewsHour* devoted most of the next day's show to discussing its significance. The discussion was carried by members of the higher Washington officialdom—people, that is, who consider it a point of personal honor not to say anything revealing about the nation's leaders when the general public is listening. "Not in front of the servants" is their operative motto.

Tactfully interviewing the unshakably tactful, I should add, is a hallmark of the *NewsHour*. The ambassador from Colombia is asked to discuss an insurrection in Bogotá. The Egyptian ambassador is

Tiptoeing Through The Halls of Power

asked to describe his government's role in the Achille Lauro affair. The Secretary General of NATO is asked what he thinks of the Soviet offer to reduce nuclear weapons by 50 percent. The Mexican foreign minister is invited to challenge the State Department's view that Nicaragua is becoming a totalitarian state. "Does Mexico believe that's true?" asks MacNeil. "What we think," says the foreign minister, "is that perhaps very many actions have to be undertaken in order to solve the question of Central America as a whole." Unbreakable fudge, of course, but a veteran reporter like MacNeil knows perfectly well that you cannot get the truth from a diplomat.

Returning to the summit discussion, what Jim Lehrer wants to learn from Malcolm Toon, former ambassador to Moscow, from William Hyland, editor of *Foreign Affairs*, from Laurence Eagleburger, former Undersecretary of State, is whether Reagan scored a success. Yes, indeed, they all agree. But it is far from clear why. A person succeeds when he achieves his goal, but nobody says flatly and clearly what he thinks was the President's goal. Hyland hints at the answer when he says that the summit was a "success" for the President and a "setback" for the Soviet leader because there was no real discussion of arms control. Is this because the President remains as determined as ever not to stop his arms buildup and is trying to reduce, as best he can, growing domestic and foreign pressure to stop it? Of course, but nobody tapped by *MacNeil/Lehrer* is going to say that flat out in front of the servants.

Later in the discussion Hyland tactfully suggests that Gorbachev, although "set back," had gained an advantage by the agreement to hold a second summit next June. This June meeting, he says, could be "crucial," a word that means nothing if you know nothing, and a great deal if you know a great deal. This became clear six days later when Hyland told the *Times* that the President had been thrown on the defensive by the Soviet leader. At the June summit Reagan will have to come up with some kind of arms control agreement because a smile and a handshake will not satisfy world opinion a second time around. Why didn't Hyland say this on the *NewsHour*? Because the *NewsHour* didn't demand it. It is a program that, in my seven weeks of monitoring, seemed always to side with the powerful while pretending to be "objective and dispassionate as possible."

This is far from a trivial matter. The *NewsHour*'s audience is far more influential, potentially, than the 24 million viewers of Dan Rather; more influential, perhaps, than the far smaller readership of *The New York Times*. Every day, however, the *NewsHour* renders millions of civic-minded Americans politically useless with official banalities and questionable omissions that renege on its advertised boast of helping people "better understand the complex world we live in." ●

(Continued from page 31)

Going Fourth

experiences making shows for first-run syndication; so will Diller's implied promise to foot 100 percent of the show's costs.

Well and good, says the insider; but how does this answer the question of questions in television production: "Where's my back end?" The back end is the bundle of secondary rights—reruns, foreign distribution, and so on—that enables a producer to make money, sometimes staggering amounts of it, from a show. FCC rules prohibit the networks from owning or syndicating most shows. Fox, however, will function under no such constraint, and will insist on much of the profit from distribution. Instead, speculates this informant in flawless deal-speak, "Barry will say, 'I can't give you 90 [$90 million], but I'll roll the dice with you. I'll give you an order for 22 shows; if it works, you're on your way.' " Thus a producer whose show succeeds in its first year on the Fox Network could reasonably hope for several more years of production, and then—program heaven—a lifetime of reruns. Independent producers, if not the major studios, are likely to jump at the opportunity. The programs may be conventional, but the Fox Television Network is likely to break new ground in deal-making.

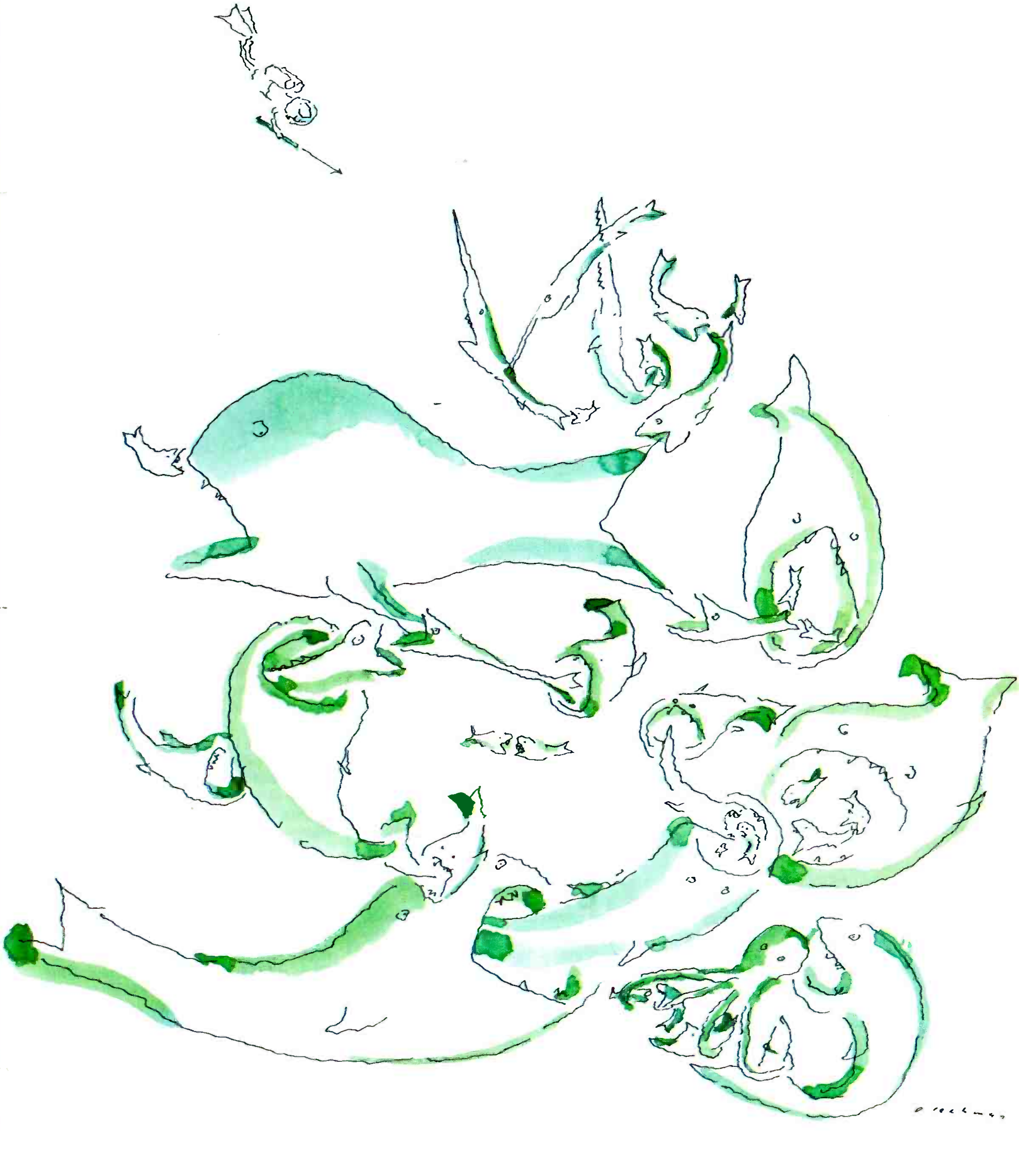
Fox may already have a show to anchor its prime-time network, a new show it's hoping to peddle to independents for Saturday or Sunday evening. It bespeaks a new force in American television. It's a bold new concept. It's sexy, glitzy, and all-American. It's . . . *Dream Girl USA*. Michael Lambert, 33, Fox's new head of syndicated television, is very excited about *Dream Girl*. He strides across his big office and pops a promotional cassette into the VCR. Beautiful girls in stupendous hairdos and spandex leotards pirouette across the stage to throbbing rock music. "I think these girls are from Phoenix," says Lambert. *Phoenix?* Hollywood's greatest authorities on hairdo and wardrobe have made them look just like they came from . . . Hollywood. Each week, Lambert explains, girls like these from regular old American towns will compete in half-hour local beauty pageants. At the end of the year one lucky maiden will be crowned "Dream Girl USA" in an unforgettable ceremony held in Los Angeles. Does that mean that *Dream Girl USA* will compete with the Miss America contest? Is nothing sacred? "It breaks my heart," says Lambert, hitting the off button on the remote control.

And that's not all. Fox has come up with a "unique" gameshow concept. It's called *Banko*, and the unique part is that the big winner is you, the viewer. Every week your local grocery store will distribute bingo, or Banko, cards, with pictures of prizes, rather than numbers, in each box. When contestants on the screen play some other game—Lambert didn't even bother to mention what—you cross off the box containing the prize they've won. And if you complete a line you're eligible for a piece of the $250,000 prize distributed each and every week.

The Fox Television Network may come into being as early as the fall of this year. It will, presumably, distribute Fox's current first-run shows *The $100,000 Pyramid* and *Solid Gold*; *Dream Girl USA* and *Banko*, if enough stations buy them; and Fox's package of 20 movies, titled Premiere I. Studios have been reaping amazing sums from the sale of these packages, though the Saturday-night network Fox may have in mind will probably not flourish on the basis of old movies—not in the new competitive marketplace. Somewhat likelier is a package of sitcoms, "fringe news," and perhaps *Dream Girl*.

Is that what all the fuss is about? It seems, at least compared to a fourth network, a trifle anticlimactic. But Rupert Murdoch is an opportunist, not a visionary; he wants to make money, not destroy himself pursuing an impossible dream. To him the fourth network may simply mean being bigger than anyone else in independent television—a grand enough ambition, after all, for a total newcomer. Clearly Murdoch recognizes his limitations. Since he has already put $1.5 billion on the line to buy Metromedia, "the meter is running to such a great extent," as producer Norman Horowitz puts it, "that these guys can't afford any fiascos." Murdoch will, presumably, test the waters with a one-night-a-week package; and if that sells, there will be more, and more, and more.

More *Dream Girl*, more *Banko*, more gossip and show biz. The stakes are so high, the deals so fascinating, the ramifications so vast—it's almost bad form to mention the shows, which are so slight, so formulaic. Did Rupert Murdoch switch his citizenship for this? He did. So small is citizenship; so large is *Banko*. Rupert Murdoch and television are made for each other. ●



by Michael Pollan

What's Love Got To Do with It?

Today's syndicated descendants of the original 'Dating Game' hold out little hope for romance, taking for granted that men and women are fundamentally incompatible.

Back when I was in the fifth or sixth grade, during the early stirrings of my puberty, Chuck Barris enjoyed a brief but intense hold on my consciousness. Almost every afternoon, I would come home from school and settle in, mental notebook at the ready, for back-to-back sessions of *The Dating Game* and *The Newlywed Game*, two of his notorious creations. With a level of concentration my teachers would not have believed, I studied *The Dating Game* for every crumb of data on how to act around girls, and *The Newlywed Game* for previews of wedded bliss.

The lessons I learned from Chuck Barris may not have proved terribly useful, but at least they did no serious damage. *The Dating Game* promoted wholesome values entirely consistent with the tenets of courtesy and democracy. The girls had to choose their dates strictly on the basis of personality. They were forbidden to ask a boy how rich he was, and they didn't get a look at him until it was too late (a practice I fervently hoped would catch on at school). Any boy could win a date as long as he was charming, moderately witty, and solicitous.

The picture of marriage presented on *The Newlywed Game* was equally benign. Here were fresh-faced couples learning to cope with the comic surprises of marriage; these young men and women had never lived with anyone before, and there was a lot to learn. It sounded like fun: playing house and, I imagined, *having sex* every possible second.

Michael Pollan, a Channels *contributing editor, is executive editor of* Harper's Magazine.

After several years in retirement, the show is back on the air as *The New Newlywed Game*, and it is currently one of the hottest shows in syndication. Barris is dusting off *The Dating Game* for its return next fall, but in the meantime, boys and girls eager to study contemporary mating habits on television can tune in its updated, high-tech successor, *Love Connection*. If syndicated television is any barometer, those habits have changed drastically in the last 20 years. For one thing, there's a lot more overt talk about sex, though sex itself seems to be in short supply. More alarmingly, the sheer *niceness* that characterized the First Age of Barris has given way to some pretty barbarous customs that, were I now in fifth grade, might well have sent me back to my homework.

Compared to the old *Dating Game*, which combined chivalry with the values of Ann Landers, *Love Connection*'s world view appears to have been lifted directly from the pages of *Consumer Reports*. The show's contestants are experienced shoppers in the mall of love; they know exactly what they want in a mate. "I want a man who works out at least five days a week," says Jody. "I hate women with dirty toes," declares Ben. "I'm looking for a man who earns at least 18K," Jill announces. Says 26-year-old Suzanne: "Legs are the most important thing in a man. I like them to be more muscly than a runner's, but not quite as thick as a football player's."

After running through their preferences with host Chuck Woolery, the "selectors" get down to serious shopping. From *Love Connection*'s file of 6,000 videotaped interviews, three are chosen by computer and screened. Suzanne went for a fellow named Bill, who without a trace of irony described himself on the tape as "witty, intelligent, ambitious, and humble." Unlike *The Dating Game*, where the selection process was all-important, *Love Connection* is most interested in the morning after. So the couples go off with a $75 budget and an oath not to discuss the date until they're back in the studio, at which time, Woolery promises, "we'll hear everything that happened."

"We always hear both sides," Woolery intones every day, as if this were small-claims court rather than a date. And in a sense it is, because the dates are often disasters, and much energy is expended assigning blame. Suzanne took her date to an aerobics studio for a pre-dinner workout. "It's a good way to check out someone's body," she explains. Poor Bill didn't measure up: His legs were on the thick side. He does not take this lying down, however. "There were a few areas where she could stand some improvement, too." Despite Bill's shortcomings, she invited him in at the end of the evening, but he declined. "Then he kissed me on the cheek," Suzanne says, outraged, "as if I were his sister!" She's decided that Bill is not all man; he's concluded that she's some kind of Amazon.

No matter. At the *Love Connection* store, you can always make exchanges. For at the same time Suzanne was choosing Bill, the studio audience were choosing what they considered her ideal date, and this is now revealed. She can trade in Bill for the audience's selection.

Bill and Suzanne's debacle was by no

means exceptional. On *Love Connection*, Cupid's arrows can be expected to go amiss at least half the time. It's not hard to see why. The show's denizens are mostly tattered veterans of the sexual revolution who seem to have forgotten how to treat members of the opposite sex. These are people who heard all that '70s talk about candor and sensitivity, but didn't really *get* it. Candor on *Love Connection* comes down to Jody's tough appraisal of Ron ("There was nothing particularly ugly about Ron, except that his eyes were a little deadish"); and sensitivity here can mean Jacques' thoughtful approach to his relationships ("I like to make a woman feel secure, so I act like I'm going to stick around for a while. But as soon as she starts talking about marriage, I'm out of there, fast!").

Don't expect to find Jacques and Jody on *The New Newlywed Game*, which bears remarkably few traces of the sexual revolution or anything else that's happened in the past 20 years. After all, the show's very premise—that marriage is full of surprises—is a bit quaint in 1986. I had thought newlyweds were more or less extinct by now, but here they are, couple after couple, living together for the first time, having their eyes opened to one another's peculiarities and, well, deficiencies.

You remember how it works. Bob Eubanks, the original host (now billed as the "star" of the show), asks the husbands questions about the wives, who are isolated offstage. Then the couples are "reunited," so that the wives can guess what their husbands said about them and we can "see how well the husbands know their wives." The answer is, not very well at all. With each succeeding question, wives grow more shocked by what their husbands say about them, and vice versa ("I thought you liked my mother!"). This must be the lowest-scoring game show in the history of television.

Of course, the questions are designed to make trouble, since *The New Newlywed Game*, like *Love Connection*, thrives on conflict and embarrassment. Here are some samples, all delivered with the patented Eubanks leer: "My wife's *blank* has been pretty pathetic lately." (Among the answers: rear end, cooking, boobs.) "Rodney Dangerfield would have no respect for my wife's *blank*." Best of all are the multiple-choice questions with no good answers: "Which word best describes your wife's behavior in the romance department lately: unconcerned, unconventional, uncoordinated, or unconscious?"

What can it possibly mean when a husband answers "unconscious" and his wife answers "unconventional"? That they favor necrophilia? Let's hope so. That would at least indicate *some* sort of sex life, which apparently is the exception among these couples. Sexual incompatibility is a constant refrain on *The New Newlywed Game*. "We need a little work in the whoopie department, Bob," one husband confessed. Explained his wife: "We never seem to be in the mood at the same time." Contestants try to be cheerful about these problems, as they happily trade any shreds of dignity for a shot at the 12-piece dining-room set.

I'm sure I would have found all this pretty depressing at 13. According to syndicated television, the possibilities for romance are meager in marriage, and fraught with danger outside of it. Different as the two shows are, both *The New Newlywed Game* and *Love Connection* take it for granted that men and women are fundamentally incompatible. This, of course, is the source of whatever drama the two shows muster. It is also, I suppose, a source of some comfort to restive housewives in the audience. Relations are *never* that good between men and women, the shows say, and however unsatisfactory you consider your love life, the alternatives are scarcely better. But what about the budding young romantics in the audience, the ones who watch these programs for romantic advice and inspiration, as I once did? Well, the prospect of a bruising courtship followed by a ho-hum marriage is not terribly inspiring. If the producers deserve any credit, it's for having discovered the video equivalent of the cold shower. •

"The New Newlywed Game" bears few traces of the sexual revolution that has occurred since its original version (top) was on ABC, but "Love Connection" shows all the scars.

Life at the Fowler FCC

Former commissioner Henry Rivera recalls a painful tenure throwing himself at the FCC bulldozer. Trying to protect kids and minorities, he got flattened.

The following is from a conversation between Henry Rivera and the editors of *Channels* shortly after Rivera's departure from the Federal Communications Commission last year. Rivera left a lucrative law practice in Albuquerque, New Mexico, in 1981 to become the first person of Hispanic descent to serve on the FCC. He is now an attorney at the Washington firm of Dow, Lohnes & Albertson.

ON JOINING THE FCC

I was shocked at the way the chairman was attacking various regulations, particularly Equal Employment Opportunity. I didn't realize he was going to go after those kinds of things as vehemently as he did. Perhaps I was simply naïve. But I thought the whole thrust of it would be to move slowly and with some kind of plan, as opposed to running through and tearing pages out of the rule book.

I'm not active in civil rights or minority causes.

And all of a sudden I found myself the standard-bearer for minorities and females. Since I was the minority commissioner, I was the one who had to throw himself in front of the bulldozer. That was when I realized that being on the commission wasn't going to be all that rosy or that much fun.

ON CHILDREN'S TELEVISION

My colleagues on the commission believe that the free market is a panacea and will take care of children. But it's fairly clear to almost everybody who's ever studied the issue that the marketplace is bad as far as children are concerned. Broadcasters sell audiences to the advertisers, and children don't buy pantyhose, beer, or cars. So a broadcaster given the choice is not going to program for children but for adults. And that's what happened. Why should children be relegated to either PBS or independents? Adults aren't. The reason is that children don't have a lobby. They don't have the political muscle to go up and visit Capitol Hill and say they're not going to stand for it.

ON THE FCC'S CONSTITUENTS

Fowler went after the Prime-Time Access Rule, and the local affiliates just went nuts. He then saw that from a purely practical, political point of view, he didn't have the votes to kill it. In my experience, if there is one constituency the commission perceives it has, it's the local television affiliates. When those people talk, the commission listens.

ON DISSENT

I didn't realize how much influence an individual commissioner could have, even if he didn't have a majority of votes on his side, simply by dissenting. I didn't realize how much attention you could draw and how easily you could give the majority heartburn.

ON HIS PHILOSOPHY

I'm perceived as a deregulator, and I perceived myself that way. I guess I differed with the majority in that I was concerned about the environment in which I deregulated, and they were perfectly content to deregulate in a vacuum.

We're seeing that in the common carrier area. It's going too fast; it's not planned. There's simply deregulation for deregulation's sake.

ON FIGHTING FOWLER

When a commissioner leaves, the office puts together a videotape, a montage of people you knew and things you did. Part of the one they did for me shows me fighting [Chairman Mark] Fowler on the bench about something. He comes on afterwards and says, "I don't know why I put up with all that crap." He says, "Usually I argued with you because no one else would argue with you." And that's really my point. The majority wouldn't debate with me on issues I felt strongly about. They just didn't want to talk to me. They weren't interested in trying to rationalize or defend their point of view.

ON THE 7-7-7 RULE

At first, they were going to take all the wraps at once off the number of stations one person can own, without any kind of transition period. I negotiated a compromise with the chairman simply because I didn't have the votes to forestall taking the wraps off. I was primarily concerned

SUE KLEMENS

On media takeovers: "I think we've gone too far. We're waving as the train goes by. . . . I don't think that's what the Communications Act intended."

about the radio industry, because that's where most minorities are involved, and I knew that once the wraps were off, the station prices would skyrocket and minorities would be priced out of the market. So I told them I was willing to go along with the decision as long as there was a transition period. My plan was the one ultimately adopted. Mimi Dawson got all the credit for it, but if you read my statement, you can see it's my plan.

I don't think there's a problem in increasing the limit on station ownership from seven to 12—and ultimately to 14 if the right mix is there. I think that was probably overdue and was going to happen anyway.

It certainly has changed the face of the industry. I hope we will see a base from which to finance more production, more programming by people other than those already in the industry.

I don't think the change in the rule is a great travesty of the way the commission regulates the industry. I think it's rather a reaffirmation of the concept that, no, you can't own as many of these stations as you want. Communications is not a business like steel or tin or farming; we still recognize it's very special.

ON HOSTILE TAKEOVERS

Communications is a different kind of business today, and the public has a right to participate in these transfer decisions. The Communications Act needs to be amended. I think the commission is playing a little fast and loose with it right now.

For years and years, broadcasters weren't takeover targets. That's changed now, but I think we've gone too far. We're waving as the train goes by and saying, "God bless you, have a safe trip." I don't think that's what the Communications Act intended.

ON THE AT&T DIVESTITURE

Why divestiture? The whole reason for the decision was simply to destroy any incentive on the part of a local company to discriminate in favor of one or another long-distance company. Well, do you have to bust up the system to accomplish that? If anyone's to blame I think it's Justice, for having forced the divestiture. Surely there was a way short of divestiture to prohibit this type of discrimination.

We haven't seen the benefits the competition may bring in the long run. Rates have not fallen but have generally tended to go up. I think there is some competition in the long-distance market, and it's growing, but I don't think we've seen the benefits of these new lower rates.

ON CONGRESSIONAL OVERSIGHT

It's sort of hit-or-miss. Congress simply doesn't have the resources to oversee the commission rigorously. There are some very competent Congressional staffers dealing with the commission, but they simply don't have the time or the expertise to take on the FCC staff. Any time the commission wants to it can dance circles around Congress. On certain very specific issues a Congressman may get really ginned up and unhappy, and then you see the commission really getting the short end of the stick. Congress was very unhappy, for instance, with the way the commission handled the long-distance-access-charge issue. Even so, I'm sure 50 percent of the Congressional people involved did not understand the issue.

ON THE REAGAN/FOWLER LEGACY

Even if we get a new President, a Democrat, it's going to be a long, long time before the commission swings back the other way. I don't think I would call the Fowler years a catastrophe, but he's clearly done more than give things a slight nudge. Obviously some of the FCC's decisions have been catastrophic—for example, the one on children. And there could also be some real problems on the minority ownership issue. But overall I don't think the Fowler years have been catastrophic.

I think as Fowler's term winds down, assuming he doesn't go for another one, we might see him take some very bold steps. In that case things could be more catastrophic.

IS THERE AN OVERALL FEDERAL COMMUNICATIONS POLICY?

No, there isn't. The only policy is to deregulate and get out of business's way. I don't see a policy on common carrier, either. I think that's a big complaint of the other common carriers, like MCI: "We went through divestiture so that we could be around at the end, and now the commissioners are simply burying their heads in the sand and saying, 'Marketplace, marketplace, and we hope you're around at the end of the transition.' "

Nobody is doing anything to be sure that in x years there are going to be x number of competitors in the exchange marketplace. Nobody's thinking about it. It's just, "Well, if we reach it, that's fine. If not, too bad; it's not our business."

ON THE NEED FOR AN FCC

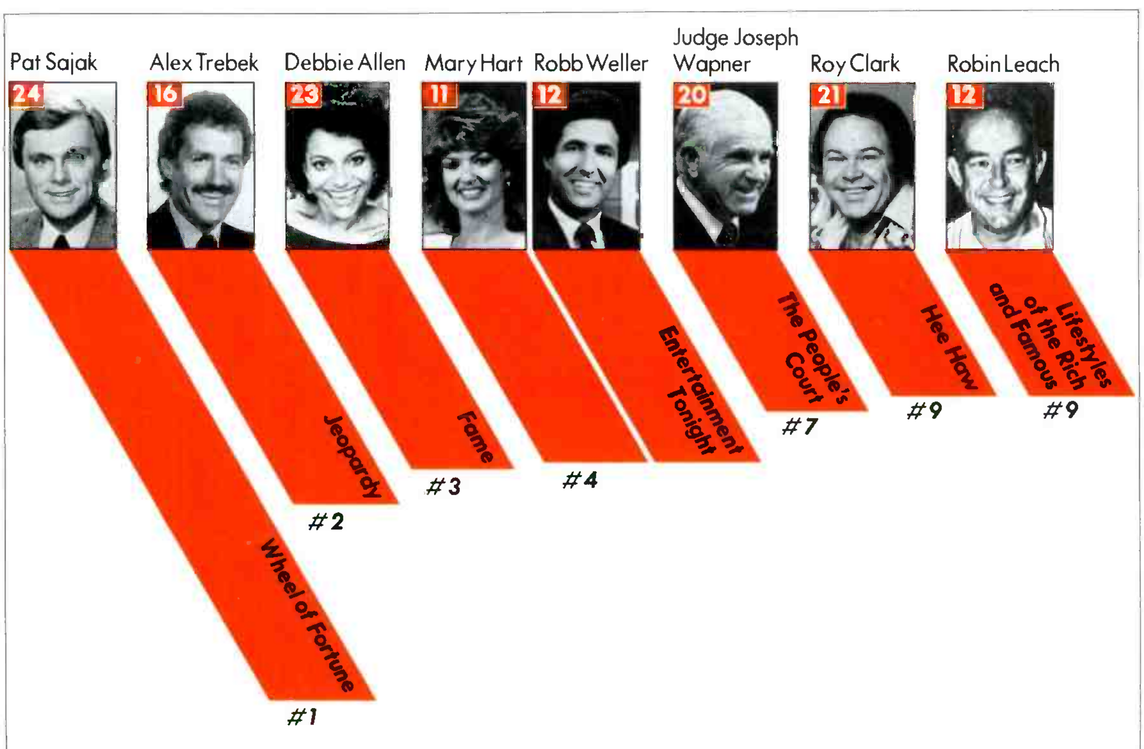
I think we'll always need an FCC. Even Fowler recognizes that there will have to be an FCC to keep track of the airwaves. If you want to watch television, you'll have to have that. ●

Sound Bites is a new department that will run regularly in Channels.

The six-year itch

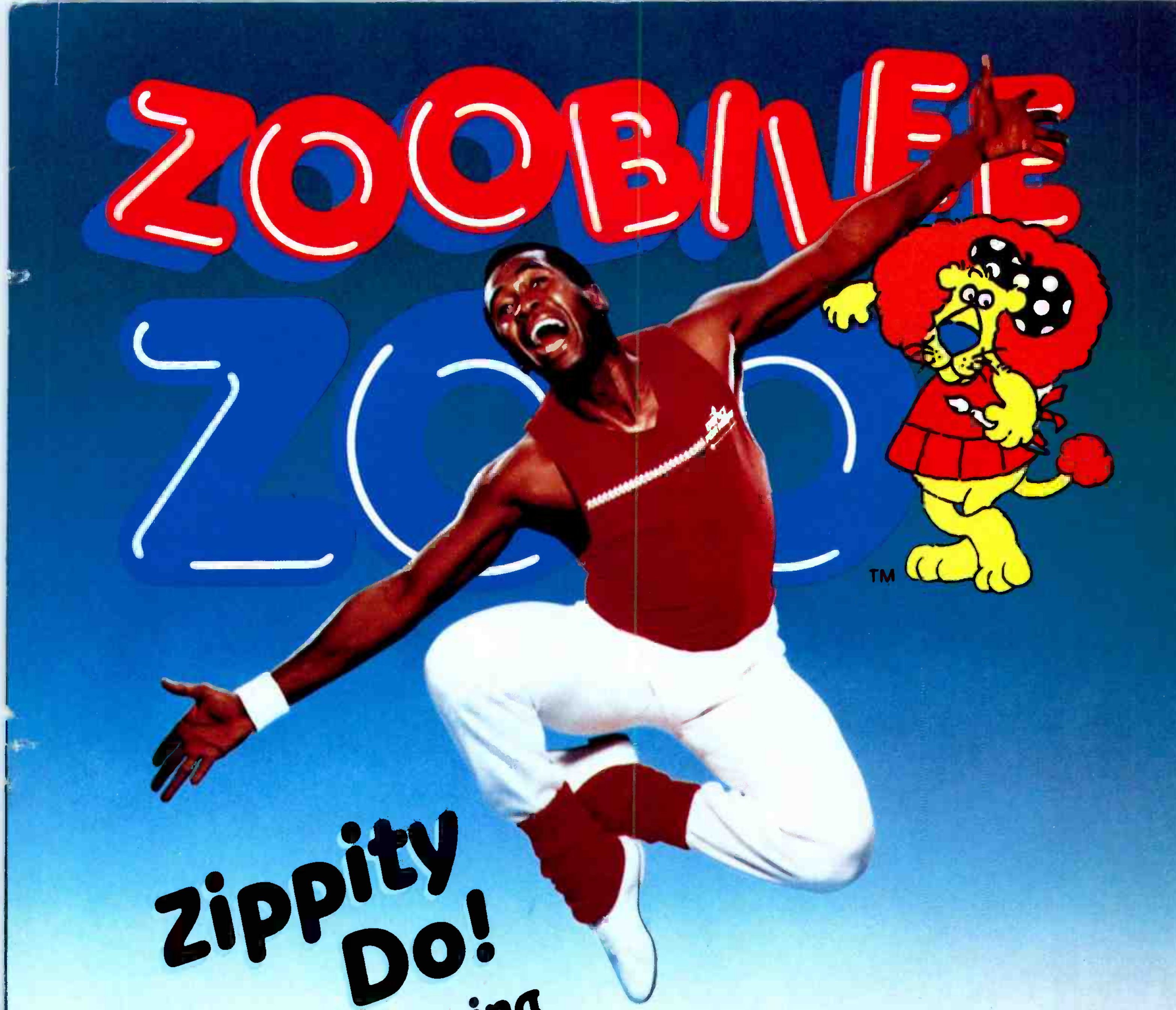
Is there a pattern to the popularity of a TV genre, or do phenomena like the family sitcom's comeback and the slippage of the P.M. soap signify only the ups and downs of fate's fickle thumb? The chart tells how many shows of each genre drew ratings in the top 20 each year—the red numbers showing which genre had the most hits that year. The sitcoms, for example, fell and then rose again within five or six years. Hence, an updated *Dallas* might break records in the '90s, about the time *Cosby* poops out.

	Sitcom	Western	Variety	Action/ Adventure	Medical Drama	Police Drama	Private Detective	Movie-of-the-Week	Family Drama	Prime-Time Soap	Other
'69-'70	7	2	8		1	2					1
'70-'71	4	3	3		2	5	1	1			1
'71-'72	7	2	1		2	4	1	2			1
'72-'73	8	1	1		1	3	1	2	1		1
'73-'74	8	1	1	1		2	2	2	1		2
'74-'75	10					5	3	1	2		1
'75-'76	12			2		2		2	1		1
'76-'77	8			2		2	1	4	2		1
'77-'78	10	1					1	2	2		4
'78-'79	14			1			1	1	2		1
'79-'80	10			1	1	1	1		2	1	3
'80-'81	11			2			1	1	1	1	3
'81-'82	9			2	1		1	1		3	3
'82-'83	8			3	1		2			3	3
'83-'84	3			3		1	3	3		4	3
'84-'85	6			1			5	1	1	4	2
'85-'86*	8					1	2	3	1	3	2



Personalities aren't the key

Here's evidence that you don't need stellar on-air personalities to make a stellar hit in syndicated television. In a recent consumer survey by Marketing Evaluations TvQ, these stars and hosts of some of syndication's top shows got popularity scores around 19, which is the average rate for performers. Bill Cosby, in comparison, got a record-breaking 66. (Programs are ranked according to the Nielsen ratings of the week of November 4, 1985.) Missing from this chart are top-rated shows whose hosts are not rated by TvQ.



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