

Is TCI Cable's Bully?

CHANNELS

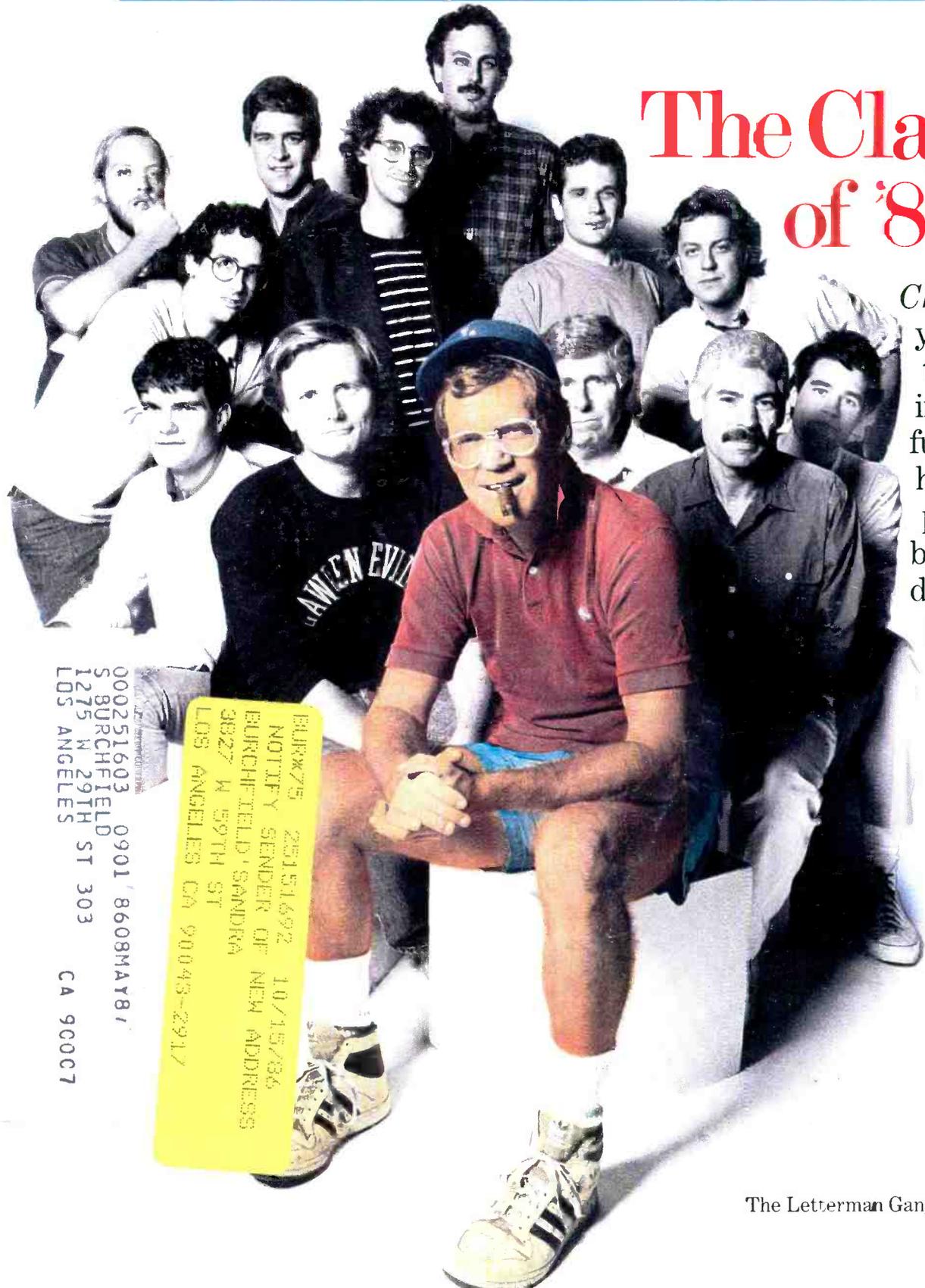
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THE BUSINESS OF COMMUNICATIONS

OCTOBER 1986

The Class of '86

Channels' yearly Salute to Excellence includes a funny guy and his writers, plus six other better-dressed paragons of originality, guts and all-around niftiness.

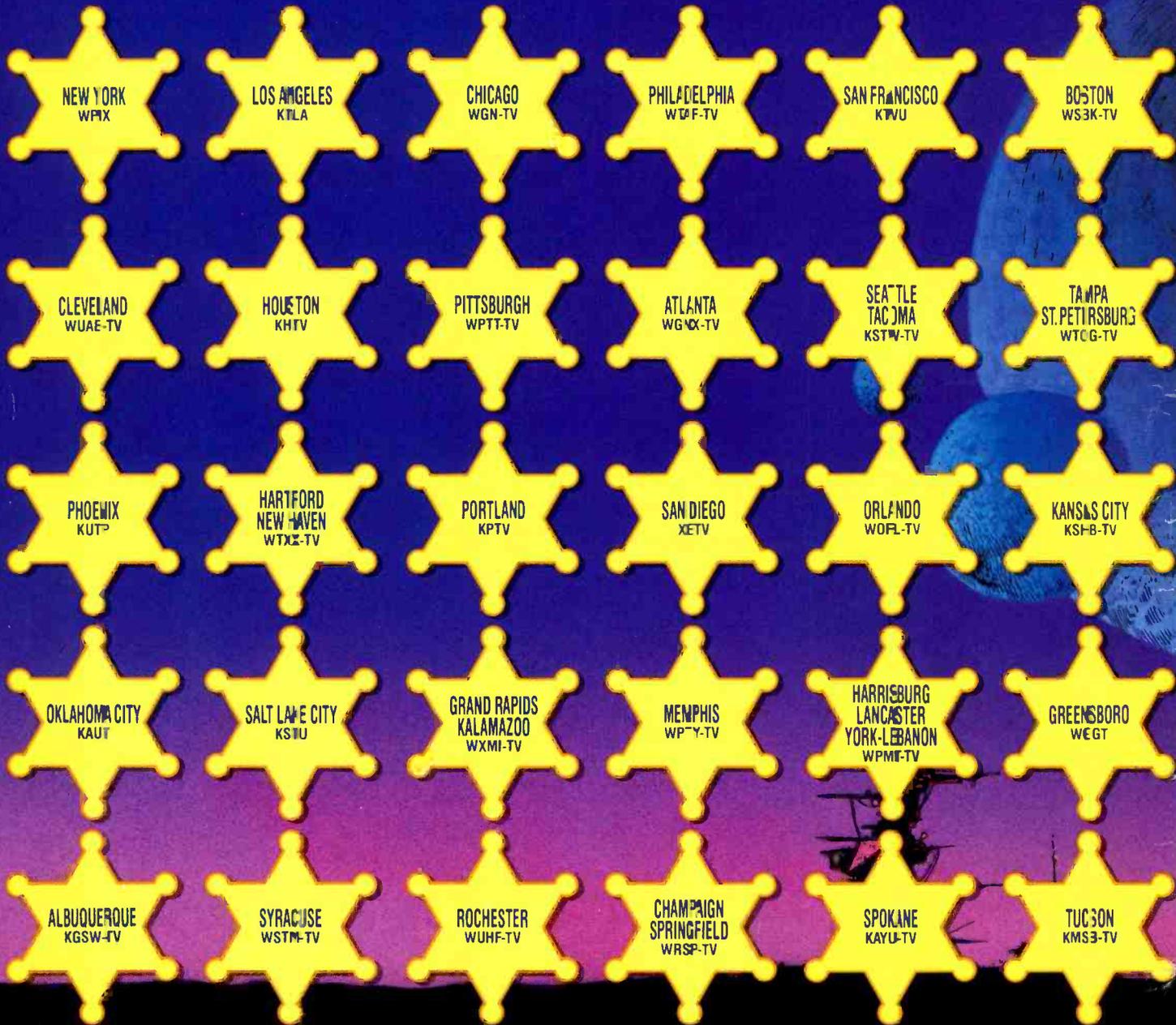


BURK75 25151692 10/15/86
NOTIFY SENDER OF NEW ADDRESS
BURCHFIELD, SANDRA
3827 W 59TH ST
LOS ANGELES CA 90043-2917

000251603 0901 8608MAT8/
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The Letterman Gang

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CHANNELS

THE BUSINESS OF COMMUNICATIONS

VOL. 6, NO. 6 OCTOBER 1986



26 M-A-L, O-N-E, M.S., Ph.D. He'll be buying you *real* soon!

The Letterman gang, clockwise, beginning with Letterman: Head writer Steve O'Donnell; writers Joe Toplyn, Adam Resnick, Chris Elliott, Jeff Martin, Kevin Curran, Larry Jacobson, Sandy Frank, Fred Graver and Matt Wickline. Behind Letterman: Director Hal Gurnee (left) and producer Barry Sand.

Cover design by Walter Bernard and Milton Glaser, WBMG Inc. Cover photo: Carl Fischer. Hand tinted by Carl Fischer. Issue art direction: Carol Layton.

COMPANIES

COLOSSUS OF CABLE

No doubt about it, America's largest cable company, Tele-Communications Inc., likes to throw its weight around. While cable operators and programmers may not like it, Wall Street and TCI's shareholders do. What will TCI president John Malone want next?

BY MERYL GORDON

RADIO

MIAMI'S RADIO PICANTE

South Florida radio stations run by Cuban exiles have brought no-holds-barred street politics to the airwaves—and free speech to its knees.

BY MARC FISHER

FOCUS: EXCELLENCE

THE CLASS OF '86

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INTERNATIONAL TV

THE EMPEROR'S NEW WOES

Italian media magnate Silvio Berlusconi once had European television all sewn up, but shifting political winds have seen his empire start to unravel.

BY HARRY JAFFE

CRITICISM

LOVE BOAT GOES TO COLLEGE

Is *I Love Lucy* a drama of frustrated female desire? What do *Miami Vice* and medieval sin have in common? A new breed of academics analyzes prime time TV as if it were Milton.

BY JAY ROSEN

PROGRAMMING

MORNING BECOMES ECCENTRIC

Move over Gobots, Smurfs and My Little Ponies. Here comes Pee-wee Herman to Saturday morning TV. Better save a couple of seats for Mom and Dad.

BY DIANA LOEVY

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DOROTHY SWANSON

Co-Founder, Viewers for Quality Television



I was a passive viewer.
I just liked to be entertained.
But then, something happened—on television—



two shows came along that changed my viewing habits.
And I learned I could distinguish between quality
and mediocrity.



When the quality sn't there, television can be mind-numbing.
When the cuality is there, it can be breathtaking.



NBC. Tuned In To America.™

1986

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AWARDS**

For 35 years the AAAS-Westinghouse Science Journalism Awards have recognized outstanding reporting on the sciences and their engineering and technological applications (excluding medicine). Awards honor science reporting in newspapers and general circulation magazines and on radio and television.

Entries are judged on the basis of their initiative, originality, scientific accuracy, clarity of interpretation, and value in promoting a better understanding of science by the public.

Five awards of \$1,000 each are made in the categories of: over 100,000 daily circulation newspapers; under 100,000 circulation newspapers; general circulation magazines; radio; and television.

The 1986 Contest Year is 1 January — 31 October. All entries must be postmarked before midnight, 14 November 1986.

The 1986 Awards will be presented at the National Association of Science Writers' banquet during the Annual Meeting of the American Association for the Advancement of Science in Chicago in February 1987.

The Awards are administered by the American Association for the Advancement of Science under a grant from the Westinghouse Educational Foundation.

For further information and entry forms, contact the AAAS Office of Communications, 1333 H Street, N.W., Washington, D.C. 20005 or call (202) 326-6440.

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Excellence Is Good Business

In this issue, we present The Class of '86, the individuals and companies our editors, in their third annual search of the electronic landscape, found to be truly excellent in their fields. What's particularly satisfying about the process of identifying our selections is the discovery that a commitment to professionalism and excellence invariably proves to be a sound business strategy. It's also interesting to note that the breadth and variety of the group—from the manic, innovative comedy team putting out *Late Night with David Letterman* to the creative, financially astute management of Continental Cable—reflect the changing world of *Channels*.

As you may have noticed, we changed our formal name from *Channels of Communications* to *Channels, The Business of Communications*. It's all part of our repositioning of the magazine, a reflection of the changing nature of the media businesses we cover and serve. No longer dominated by technology as it was five years ago at the time of our birth, the industry is now driven increasingly by programming and finance. For that reason, people in each part of the industry need to understand what's going on throughout the electronic environment.

It's not enough just to keep track of the news generated by the business—programming announcements, acquisitions, financings and the like. Our monthly frequency gives us a chance to tell the stories differently. Tele-Communications Inc., for instance, the subject of an intriguing Meryl Gordon profile this month, is buying cable systems like mad. If you work in any facet of television, it's important to understand how TCI's chief strategist, John Malone, thinks and why his programming aspirations may revolutionize the cable network game. What Malone does, as the dominant figure in cable today, will be felt throughout the entire communications world—at local TV stations, in Hollywood, on Madison Avenue and on Wall Street. In our September cover story, we took you behind the scenes at the Coca-Cola entertainment empire, to report that it's on an acquisition binge, and also to explain how it came to be the nation's leading producer of syndicated programming.

Our own efforts focus not just on recognizing excellence but on striving for it ourselves. We've hired Charles Mohr from *Broadcasting* as our vice president of sales and marketing, and our next issue will introduce a new art director, Traci Churchill, who joins us from *Personal Computing*.

Just as our editorial team is deeply involved with the industries it covers, our advertising and marketing team is similarly positioned. For with our aggressive efforts to promote *Channels* through the national media, various mailings and other promotional activities, we think we're serving the communications community in an important way. We mean for *Channels* to be a great magazine and a good business. Our excellence selections affirm our sense that the two go hand in hand. We know you share our sense that the pursuit of excellence is worth the effort.

George M. Dillehay

Editor-in-Chief
LES BROWN

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ABC membership applied for January 1986.

MB/CHANNELS

The Museum of Broadcasting and CHANNELS Magazine will co-host two seminars on Television Syndication. Leading national experts will discuss this topic from a historical perspective, examining the current situation, future prospects and the implications for programming content.

October 28, 1986
12:30-2 P.M.

October 29, 1986
12:30-2 P.M.

Museum of Broadcasting
1 East 53rd Street
New York, NY 10022

Reservations (212) 752-4690



The seminar series is being underwritten by a generous grant from LBS Communications Inc. to the Museum of Broadcasting.

Fairness for Farrow

The minor fault you find with Harold Farrow [June] seems to be that he's not cuddly. The major indictment—not so clearly stated—is that Farrow doesn't buy any of your chic ideology that preaches more government regulation as the answer to the dreadfulness of broadcast radio and TV. Farrow's answer is not a rap against government, you understand, just against government intrusion into the media. Government is terrible at it and it is downright dangerous.

Don't you think, in the interest of fairness, you should follow up the story by noting that after your piece went to press, the Supreme Court agreed with Farrow (in the *Preferred* case) that cable television is a form of speech and entitled to First Amendment protections? Sure, all the returns are not yet in, but the Court delivered to Farrow everything that the posture of the case permitted them to deliver. And unanimously. When was the last time that happened in a free-speech case?

Sol Schildhause
Farrow, Schildhause
& Wilson
Washington, D.C.

Clown Jewel

Your publication's depiction of John Sias [July/August] was the journalistic equivalent of circulating a portrait of Harry S. Truman with a pencil-thin mustache painted on his upper lip because he liked to play the piano prior to his bringing his personal stamp of leadership to the world as President of the U.S. As for the award-winning Mr. [L.J.] Davis' literary portrayal of Sias, he caught nothing of the extraordinary talents he brings to his newest task.

Al Kriven, one of the most astute and talented broadcasters ever, said more than 20 years ago: "Someday John Sias is going to head a major network." I don't wonder why Al said that, but I

certainly wish that Mr. Davis had looked closely enough at his subject to have discovered the reasons for himself.

Michael McCormick
President
WTMJ-TV
Milwaukee

Advocacy Quagmire

Your discussion of "The Trouble With Advocacy Ads" [July-August] treats only one small aspect of advocacy advertising's downside. While advocacy ads do not offer in-depth discussion of ideas, they do bring controversial issues before the public. Some FCC interpretations have even indicated that the purchase of time to discuss an issue is prima facie evidence that an issue is an authentic public issue. And therein lies the greatest difficulty with advocacy advertising.

Under the Fairness Doctrine, the broadcaster is obligated to provide varying points of view on controversial issues. Some interpretations of that doctrine have led broadcasters to believe they must provide time for opposing points of view whether or not the opposition can afford to buy that advertising. Therefore, the acceptance of public-issue advertising, according to some interpretations, carries with it the responsibility to provide response time for varying points of view.

This presents a number of problems: Who will pay for the time? Who will decide whether the opposition can or cannot "afford" the time? Where do you find the additional advertising availabilities necessary to fill the time? Which of the many viewpoints available do you put on in response?

The second major concern with advocacy advertising is that it carries for the broadcaster the same obligations regular commercial advertising does. Except for commercials from candidates for public office, the broadcaster remains responsible for what is broadcast. What kind of substantiation should the broadcaster demand from both the original advocacy advertiser and the respondee? Should the scope of the response include discussion of the issue on a broad basis or only speak directly to the original advertisement? I would argue that these reasons are much greater deterrents to the acceptance of advocacy advertising than a concern for the public's acceptance of them.

Irwin Starr
Vice President and
General Manager
KGW-TV
Portland, Ore.

People Meters II

Your article on the people meters ["Invasion of the People Meters," June] was so blatantly biased that one has to suspect Michael Couzens' motives for writing it. To my knowledge, Couzens did not speak to anyone at Nielsen. Why else would there be an absence of quotes or opinions?

Just look at the way Nielsen is described: "scrambling just to survive"; "troubles long abrewing"; "hastily developed new system is virtually a knockoff of AGB's"; "Nielsen has maneuvered itself into an uncomfortable and potentially crippling position"; "it could be clobbered out of existence."

Yet Couzens describes AGB this way: "AGB invaded America with a new, sophisticated device"; "Audits of Great Britain perfected its ratings service in England"; "continued to tinker [with] its Boston prototype [people meter]." Why tinker with perfection?

There's also the matter of A.C. Nielsen Jr.'s photograph. The one used in the article is 30 years old. Perhaps it was Couzens' intention to make the Nielsen Company look out-of-date.

Laurence Frerk
Promotion Director
A.C. Nielsen Co.
Northbrook, Ill.

While preparing his article, Michael Couzens interviewed several A.C. Nielsen executives, including John A. Dimling, now the senior vice president in charge of the company's people-meter project. The photo of A.C. Nielsen Jr. was furnished to Channels by the company itself. —Ed.

Amen Corner

As a college professor whose master's thesis was a content analysis of religious TV shows, I was disappointed with Alex Heard's unprofessional examination of Jim Bakker ["... and Pass the Contribution," June]. The article continued to promote the idea that TV evangelists spend most of their airtime asking for money.

Heard's contention that Bakker's "primary missions" are "1) fund raising and 2) fund raising" is unfounded. In the content study I conducted at the University of Minnesota, I found that Bakker spent only 11 percent of his airtime asking for money, about half of what a commercial broadcaster uses in airing ads.

What makes religious fund raising foreign to commercial television viewers (and writers) is the technique used: Bakker asks his viewers to send in \$25 to support his program, while Bill Cosby asks you to spend that money on Jell-O pudding in order to keep his program on the air.

Stephen Winzenburg
*Assistant Professor of
Journalism
University of Wisconsin/
River Falls*

Amos 'n' Andy Again

I wish to commend William A. Henry III on his outstanding essay about *Amos 'n' Andy* ["Buried Treasure," July-August]. If the NAACP is so dead set against resurrecting this series because of how it depicts blacks, perhaps that organization might also consider protesting the airing of *The Jeffersons*, whose main character is often shown as loud-mouthed, arrogant, belligerent and racist—traits the characters on *Amos 'n' Andy* seldom exhibited.

Charles P. Gagliardi
Philadelphia

Breaking Silence

I was disappointed with the manner in which Motorola was portrayed in "Code of Silence" [June Reports]. First, we take offense at being referred to as an "instigator" in the switch-over trend [to police radios that cannot be monitored by reporters]. These new systems are a result of a study performed by the Associated Public Safety Communications Officers under the auspices of the U.S. Department of Justice. The APSCO study established specifications that, if met, would enable public safety agencies to obtain communication systems with certain vital operating functions. You mentioned that "a desire to reduce waiting time for an open channel" was a factor behind the move to trunking. While this is a factor, it is not the only one. Other operating functions that public-safety officials are concerned with are interagency communications, dynamic regrouping for disaster and emergency situations, vastly improved reliability and coverage and telephone interconnect capability.

David S. Weisz
*Manager, Public Relations
Motorola Inc.
Schaumburg, Ill.*



From the moment the first telecast made its way into a handful of living rooms, audiences were entranced, entertained and enlightened. Now, television is in nearly every household. Viewers receive more channels and have more choices than ever before. Television. It's the media choice that reaches 98% of all households. That's why advertisers invest a whopping 21 billion dollars each year. How do we know? We've been watching audiences watch TV since 1949—longer than anyone. And, as the medium and the audience grow and change, so do we. Developing new ways to define and describe who they are and what they watch. Arbitron. We know the territory.

ARBITRON RATINGS

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Field Guide

CHANNELS' Fifth Annual Edition Really Covers The Field.

ANNOUNCING THE 1987 ESSENTIAL FIELD GUIDE TO THE ELECTRONIC MEDIA. It's coming in the December issue of CHANNELS. Each year, CHANNELS outlines the state of the industry for its readers with a comprehensive look at the many fields that make up the business.

PACKED WITH VITAL INFORMATION. Our fifth annual edition is better than ever and it's packed with insight and understanding. It's essential reading that explains what happened and looks at future trends.

INFORMATION YOU NEED. The CHANNELS Field Guide will feature clearly written and authoritative updates on cable,

VCR, broadcasting, satellite, and all the other media technologies. This year the Guide will put special emphasis on programming sources and media finance.

ADVERTISING IMPACT ALL YEAR LONG. The 1987 Field Guide is a perfect vehicle for advertisers, sure to be referred to again and again. It's absolutely essential for executives, investors, and researchers in every area of the business.

For more information about advertising in the December issue of CHANNELS call Charles Mohr at 212-302-2680. Cover your target market with the guide that covers the field.

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Programming	Radio Networks
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CHANNELS
THE BUSINESS OF COMMUNICATIONS

**To Understand The Business
You Have To Go Through CHANNELS**

REPORTS

SATELLITES

Protection Gear Could Add to Clients' Costs

Even before Captain Midnight showed how easy it was to raid a satellite in orbit, the U.S. government was demanding that commercial operators install antijamming devices on satellites carrying national security traffic. Since the government has refused to pay for the protective gear, the added equipment costs stand to make satellite transmissions more expensive.

The government has now handed the American satellite industry an ultimatum: Add the equipment on satellites launched after 1990 or risk lucrative government contracts. (The Defense Department alone spent more than \$1 billion last year leasing channels on the Westar, Satcom, Comstar and Anik satellites.)

The federal policy has been in existence for more than a year but commercial operators have not publicized it, in part because they are uncertain about how to deal with the added costs, which are expected to be considerable. Nor have the operators informed their commercial clients of the government's requirements, perhaps because they don't want to alarm them prematurely about a possible rate increase.

Gilbert Rye, president of Government Systems Inc., a subsidiary of Comsat, says, "The National Security Agency has to take the next step and deliver exact specs on what they want."

When the Defense Department first presented a draft of its requirements in November 1984, the operators' response was negative. Leslie Taylor, GTE Spacenet's director of government affairs, called it "vague" and questioned the economic benefits of meeting the demands. Arthur Garman of Western Union said it was "not clear



RCA consultant Boning says the government's policy lacks definition.



that such a mandate is in the best interest of the country," and RCA consultant John Boning said the policy was "lacking in definition and intent." When the operators asked who would pay for the costly high-tech gear, one federal official responded: "The free market will allow carriers to recoup cost on a competitive basis." Meaning, presumably, that the added expenses would be passed on to commercial users.

Defense Secretary Caspar Weinberger made the policy official in June 1985. According to estimates, the required hardware would drive up launch costs dramatically. The equipment would cost \$3 million and add \$1 million a year to operating expenses, according to a 1983 Pentagon study. John Pike, a satellite specialist with the Federation of American Scientists, estimates the average price of purchasing and launching a satellite ranges \$100 million to \$150 million, while annual operating costs run from \$2 million to \$3 million. To meet the new standards, an operator would be saddled with at least a 3 percent cost increase, while annual operating expenses would rise as much as 50 percent.

The question of how commercial satellite customers will react may depend on what alternatives are available.

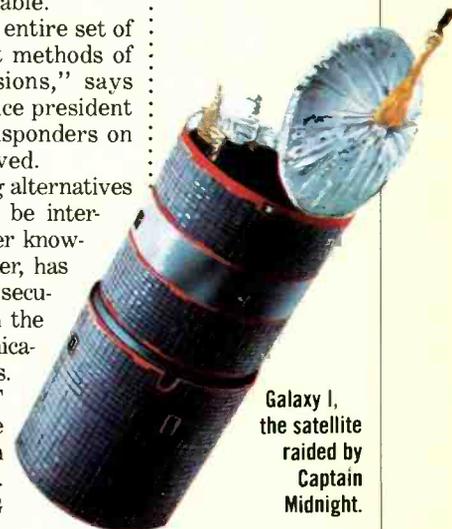
"We'll take a look at the entire set of vulnerabilities and look at methods of protecting our transmissions," says James K. Parker, senior vice president of CBS, which leases transponders on some of the satellites involved.

One of the most intriguing alternatives is fiber optics, which can't be intercepted without the customer knowing. AT&T, a pioneer in fiber, has been promising this extra security to lure customers from the skies. But even the communications giant has had problems. During the recent AT&T strike, a fiber optics cable carrying transmissions from defense contractors was cut.

DONALD GOLDBERG



GTE's Leslie Taylor wonders about the economic benefits of meeting new security standards.



Galaxy I, the satellite raided by Captain Midnight.

REPORTS

PRODUCTION

The Sound of Money

Despite network pressure to reduce programming costs, most TV producers are still springing for the latest tunes in shows aimed at affluent young viewers.

Generally, a song's publisher wants \$500 to \$1,000 per play. The master recording goes for \$1,000 to \$20,000, depending on the artist and what is being negotiated: One-time-only rights? Later use on cable or home video?

Record companies are excited about the new revenue source. Recently, Warner Special Products took out a trade ad listing the shows that had used its songs and asking, "What about the rest of you guys?"

Right now, music budgets appear to be almost immune from the ax. Says Universal's Jim Korris, "I haven't heard one word about cutting music." ABC's *Moonlighting* is releasing an album; NBC's *Crime Story* has signed Todd Rundgren as composer; *Miami Vice* has put out its second two-hour home video.

But it is the TV-music video connection that presents the thorniest problem. "Composers and musicians are very protective of their rights," says Korris. If Stevie Wonder sings on *The Cosby Show* and it ends up in syndication and on video, should he be paid again for his song? That's a sour note the music industry doesn't want to hear just yet.

MICHELE WILLENS



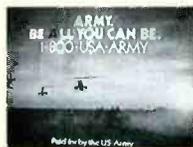
ABC's *Moonlighting* is just one of several network shows releasing its own album.

ADVERTISING

Army Retreats on Madison Avenue

Those "Be All That You Can Be" recruitment spots may disappear from TV as early as January if the Army gets a new ad agency. Though the Army claims it isn't displeased with N.W. Ayer, which has called America to arms since 1967, it is receiving bids on its account for the first time in 19 years.

Many factors led to the shift. Some of



the brass have complained that the current campaign is geared to undereducated urban youth. There is also the case of Ayer vice president John A. Bidus, who pleaded guilty earlier this year to federal charges of taking \$60,000 in kickback money from a producer of recruitment films.

"I'd be lying if I said that had nothing to do with our decision," says Major Bruce Bell, "but it was an isolated incident and we have invited Ayer to resolicit the account."

Last year, the Army spent more than \$85 million on advertising. Of that, some \$25 million went into television, with the bulk into sports programming and lesser amounts into prime time network shows and local spot buys. The last time the account was up for grabs, Ayer was the only serious bidder; but since then the Army has been under pressure not to renew contracts without competitive bidding.

This summer, more than 20 agencies were hustling for the account. The Army hopes to pick one by year's end.

DANIEL PAISNER

TELECOMMUNICATIONS

Video By Telephone?

Researchers for the seven Bell regional companies, looking for more uses for existing equipment, are exploring whether films and other video services could be delivered over telephone lines to homes with VCRs.

At Bell Communications Research (Bellcore) in New Jersey, Charles Judice, division manager of speech and image processing, is point man for the project. Since home video is regarded as the most important residential business driving the installation of fiber optics systems, most of his research has focused on fiber. But he is also examining possible hybrids of cable TV and existing phone lines.

To test what he calls "video on demand," one such hybrid, Judice, created a theoretical company with 10,000 customers and 1,000 movies. According to the model, a customer with a TV, VCR, modem, keypad and an as-yet-undeveloped piece of hardware could scroll through a list of films and order. At the vendor's end, a robotized operator would take the order and send the



More than 20 agencies are hustling for the Army's \$85 million advertising account.

"Video on demand" could prove to be a bonanza for the Bell companies.

REPORTS

video to the customer's VCR. Judice's analysis indicates that with 10,000 customers paying \$14 a month, the venture would break even.

This type of system is theoretically possible today, Judice believes, with changes in existing phone and cable networks. But for a more advanced service—a video library—separate channels would be needed for each client, and that means fiber.

Judice says Bell Communications has already home-tested parts of his system in New Jersey and the results were encouraging. In fact, he believes consumers would be willing to pay two to four times their current cable bill to obtain a video library.

Bell's research is part of an ongoing effort to find new uses for the nationwide phone network. Under the terms of the AT&T breakup, the regional companies are permitted to enter new businesses. The investment implications are unclear, but several observers, such as Morgan Stanley's George Kelly, believe new unregulated businesses, like video, wouldn't make much of a mark in the phone companies' financial picture. "What's fundamental is still the rate-setting process for existing phone service," Kelly says. But industry analyst Richard Wolfe thinks the experiment "could have great significance for cable TV," as well as providing another benefit. "The typical use of a consumer phone line is only about 23 minutes a day," he says. "A link between the phone companies and cable would mean more business going over their lines the other 23 hours and 37 minutes."

JOSEPH VITALE

CABLE TV

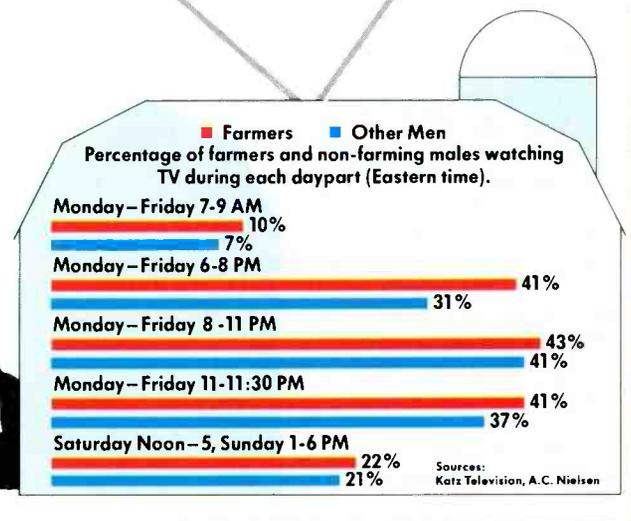
Paying For An Advantage

Because cable networks with low channel numbers tend to attract larger audiences, some networks are offering operators discounted rates or outright payments to secure choice spots between channels 1 and 13. Operators who put popular cable networks in low-numbered slots stand to make even more money, since increased viewing means more advertising dollars. The result may be an all-out bidding war for channel positions.



TV's Harvest

Farm life is a dawn till dusk undertaking, but American farmers still find time to watch a lot of television. In a survey of the 50 U.S. media markets with the heaviest agricultural concentration, the percentage of farmers watching TV at any time is greater than or equal to non-farm males. The one exception: late night. Ted Koppel and David Letterman don't rate when hungry chickens wait at dawn. But with all these farmers glued to the tube, farm product firms still don't consider television an important means of reaching their audience. Last year, they put just 14 percent of their ad dollars into TV.



Besides providing cable networks the chance to reach more viewers (ESPN increased its audience by as much as 50 percent when given a low channel position), the race for the low numbers has been spurred by cable's efforts to regionally standardize its network number assignments. Operators claim networks are approaching them. "Some think it's important to provide financial incentives," says Ted Livingston of Continental Cablevision. Some operators are even bumping broadcast stations to make room for cable networks willing to pay. The FCC's new must-carry regulation still allows operators to juggle positions as long as the station remains on the system's least expensive tier.

That may cramp the style of an operator in the Northeast who reportedly bumped a local independent station from the basic to the pay tier—a loss of 30,000 potential viewers—to make way for a cable network offering a reduced per-subscriber fee. CECILIA CAPUZZI

Competition for low channel numbers is building toward an all-out bidding war.

REPORTS

INTERNATIONAL TV

Buenos Dias, Espana

In Spain, where the day starts at 9 A.M. and dinner is at 10 P.M. (allowing for afternoon siesta), the morning routine consists of a mad dash for the door. Not the best market, surely, for American-style morning TV. But a new show, *Buenos Dias*, is now airing weekdays from 7:30 A.M. to 9:10 A.M.—the time when its target audience had always been either on the run or sound asleep.

Producer José Antonio Martínez Soler, the man behind the show, visited New York last December on a reconnaissance mission. A friend at NBC gave him the run of the *Today* show set. From 4 A.M. till noon each day for two weeks, Martínez Soler took notes. Then he made the rounds of *Good Morning, America*. Two weeks later, *Buenos Dias* was on the air.

The Spanish show includes an elaborate greeting in Spain's regional tongues, four news reports, regional feeds and a live broadcast from New York (at 2 A.M. EST). Interviewees thus far have ranged from Prime Minister Gonzalez to bullfighter El Cordobes.

But the show's most clever use of American TV is its employment of a famous American: Bugs Bunny. *Buenos Dias* always begins with a cartoon. Martínez Soler's reasoning: "Grab the children and their parents will follow."

ADAM SNYDER



Spain's new morning show was cloned from *Today* and *Good Morning, America*.

Lorimar-Telepictures is betting that the syndication market can support network-size costs.

SYNDICATION

L-T's Conspicuous Consumption

"Each week, we'll be sending you \$350,000," said Lorimar-Telepictures in a flier sent to stations that signed up for *It's a Living*, *One Big Family* or *Mama's Family*. This was the kickoff for a promotional campaign to underscore L-T's claim of producing these syndicated series for network-size bucks, about \$350,000 an episode. The

intention was to set these shows apart from competing first-run sitcoms in the syndication market, which have smaller budgets, some as low as \$100,000 an episode.

L-T is hoping to strengthen its position as a major supplier of network-type programming, giving the company the option of syndicating a comedy if it can't make a suitable deal with a network. In effect, it's testing whether today's expanding syndication market can support a higher level of production.

L-T isn't really running a huge risk, though. By season's end, *Mama's Family* and *It's a Living* will have amassed enough episodes to be sold as summer replacement strips airing five nights a week.

PATRICIA E. BAUER

BROADCASTING

CBS Drops Libel Coverage

Unlike most broadcasters, including ABC and NBC, CBS is now facing its 30 active libel suits without insurance.

The network decided to go it alone after its insurer, the Integrity Insurance Co., balked at paying its part of \$2 million assessed against CBS. The broadcaster had been sued by the Brown & Williamson Tobacco Corp. for a commentary on its Chicago station, WBBM-TV. (The case is still on appeal.)

But CBS expects to save money by dropping the coverage. Ron Guttman, CBS' associate general counsel, says the network weighed "the outcome of recent libel cases against the skyrocketing costs of premium payments" and decided it was worth the risk. Although juries rule against the media in 80 to 85 percent of libel cases, most of the verdicts are reversed on appeal and damages are substantially reduced—from \$2 million to \$100,000 on average.

Many plaintiffs, of course, file frivolous suits and Guttman expects judges to dismiss more than half of CBS' pending cases. "The underlying problem," says George Faulder, news director at WXFL-TV in Tampa, Fla., "is that the majority of lawyers don't care whether they win or lose." Lawyers' fees often eat up 80 percent of media costs in libel cases and as much as half of plaintiffs' awards.

HOLLY GARLAND

Juries rule against the media in 85 percent of cases, but are usually reversed on appeal.

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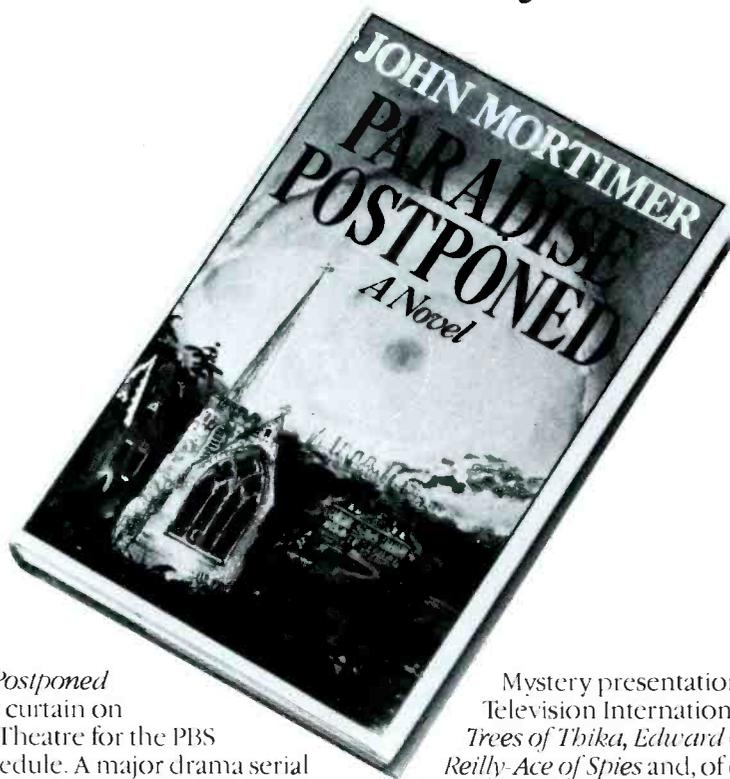


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A NOVEL FOR TELEVISION BY JOHN MORTIMER



Paradise Postponed raises the curtain on Masterpiece Theatre for the PBS 1986 Fall Schedule. A major drama serial in eleven parts, it is a sweeping family saga spanning four decades of English political and social life since the Second World War.

Paradise Postponed marks the latest in a line of Masterpiece Theatre and

Mystery presentations from Thames Television International – *The Flame Trees of Thika*, *Edward & Mrs Simpson*, *Reilly-Ace of Spies* and, of course, *A Voyage Round My Father* and *Rumpole of the Bailey*, from the creator of *Paradise Postponed* himself. Masterpiece Theatre is presented by WGBH Boston and made possible by a grant from Mobil Corporation.



the world is watching

PARADISE POSTPONED
AN ELEVEN PART DRAMA FROM EUSTON FILMS

Written by John Mortimer

Starring Michael Hordern, Jill Bennett, Annette Crosbie,
David Threlfall, Peter Egan, Paul Shelley

Executive Producers Johnny Goodman and Lloyd Shirley

Produced by Jacqueline Davis

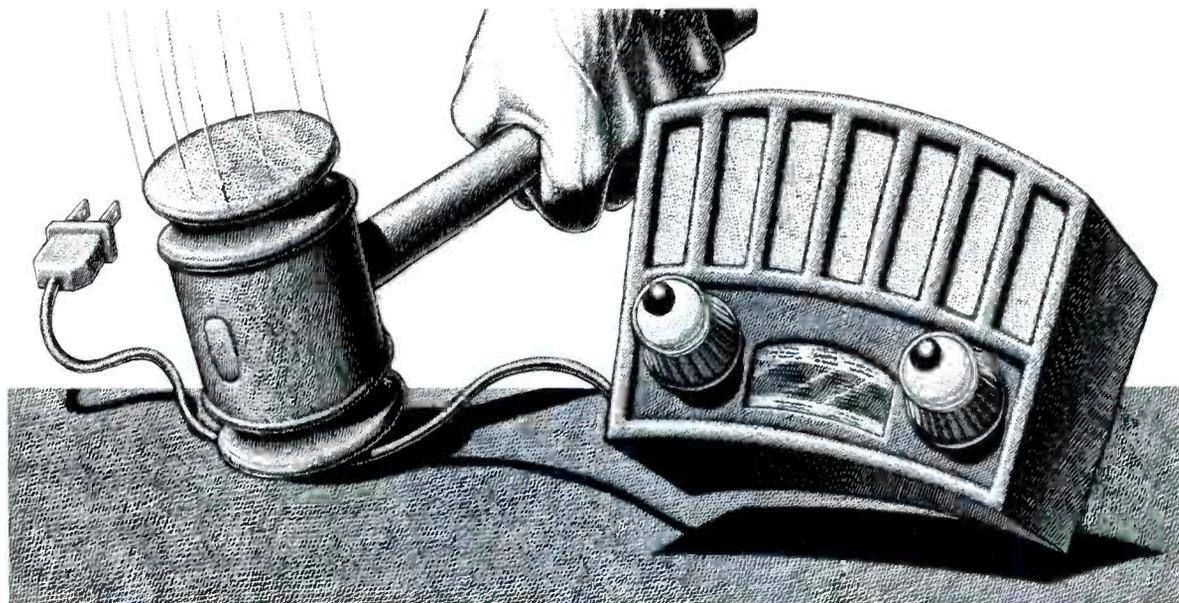
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TALK SHOW



GOING ONCE, GOING TWICE...

William Fox is central casting's idea of an auctioneer: an unflappable barker with a staccato voice and a "What, Me Worry?" grin. As president of Michael Fox Auctioneers Inc., he's well suited to the job. He could also be poster boy for the free-market philosophy of Mark Fowler's Federal Communications Commission.

Fox's Baltimore-based company, an "assets disposal firm," claims to be the first in the country to have auctioned a broadcast property when it sold WNTR-AM of Silver Spring, Md., last spring. Buoyed by that success (and without objection from the FCC), Fox tried it again this summer, when creditors of WMTG-AM in Gaithersburg, Md., empowered him to sell the license, studio, tower—everything but the music library.

It's no secret the FCC is now promoting "innovative" licensing procedures. So just beyond the Beltway, in a Gaithersburg hotel, Bill Fox once again prepared to put that philosophy into practice.

Because speculation in broadcast properties is lively these days, Fox had rejected several private offers, which he felt would be topped. He set the minimum at \$500,000—or \$250,000 less than the station had sold for in December 1984—and with a crowd of more than 30 on hand, Fox anticipated

brisk bidding. He was wrong.

His first invitation passed unanswered. Nowhere in the room was there the tug of an earlobe or the wag of a forefinger. He pressed on.

"I'll thank you for an offer," he brayed.

More silence. With a Dangerfield jerk of his collar, Fox exhorted the crowd: "Don't be bashful. I can't bid for you." But a sidelong glance at the first leave-takers convinced him that he'd like nothing better.

Fox wasn't facing the first reluctant audience of his career, but with the future of his new sideline at stake, this wasn't just another slow day at the block either. After recessing to consult the creditors, First American Bank of Baltimore, he returned with an announcement: The minimum bid had been lowered by \$25,000. The price was right for Sondra Linden.

From her seat in the middle of the room, the 40ish actress-turned-attorney-turned-mortgage broker-turned-nutritional counselor raised her hand. Although Fox gave competitors every opportunity to up the ante, he eventually gaveled the proceedings closed and launched Linden on her new career: radio station owner.

She hadn't really intended to bid on the station, she confessed later. A potential backer had left town that morning and she wasn't sure she wanted to pony up her life savings. But in the end, her love of broadcasting

overwhelmed her business sense.

"I used to have my own radio show," she said. It was during her teenage years at Miami Jackson Senior High School. She brightened at the memory. "I guess you could say my life has come full circle."

She wasn't daunted by the task ahead—taking over a radio station with no music library, an antenna that scattered its signal erratically throughout Maryland (but nowhere near the lucrative Washington market) and a history of losses dating back to its days as WJOK, the nation's first all-comedy station.

"I take a lot of vitamins to keep me calm," she said.

She hadn't inspected the station but didn't think she needed outside assistance. She wanted to run it herself, she said, with the help of the community.

In the end, it was as much a memorable day for Bill Fox as it was for Sondra Linden. He had notched his second successful broadcast auction and couldn't resist crowing about "the potential of the auction method, which extends throughout the entire broadcast industry" and praising the FCC for loosening its regulations governing how licenses may be sold.

But don't tell that to Mark Fowler. According to one of his aides, "We haven't done anything to make this any easier than it would have been ten years ago." ROBERT O'BRIEN

TALK SHOW

PALEY'S FAILURE

In CBS' glory days, when William S. Paley and Frank Stanton were running the company that called itself *The Tiffany of Broadcasting*, a lot of energy was expended on the look of things.

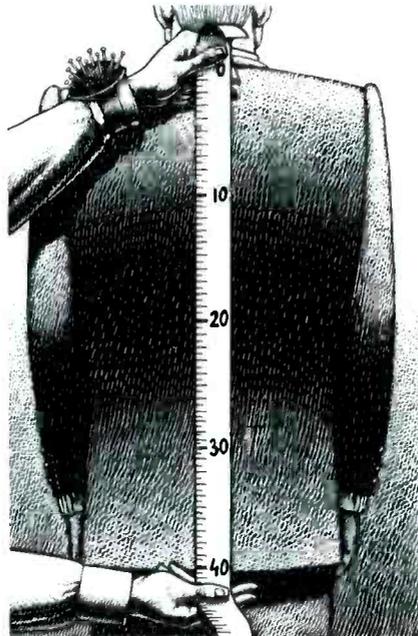
Burnishing the CBS public image was a daily obsession; everything had to bespeak class. Executives who made it big were well dressed and manicured, had a certain swagger, and knew how to impress a maitre d'. Class mattered so much that Paley once fired a network president for refusing to act the part. Among the fellow's sins were wearing a shearskin jacket to work instead of a topcoat and relieving the chauffeur at the wheel of his limousine while commuting to Connecticut.

Stanton bothered about the company graphics and the interior decoration of the sleek granite skyscraper designed by Eero Saarinen. One of America's leading graphic designers, Louis Dorfsman, was (and remains) on the fulltime staff of CBS. All the attention to detail, and to good taste in dress and decor, served the company well in the days when everything was humming. It translated into a high standard generally for the output of CBS, whether in entertainment or news.

But it's possible to carry the obsession with appearances too far, so that form comes to matter more than substance. Some who worked with Paley cite that as the reason for the CBS founder's greatest failure—his inability, after four tries, to appoint a suitable successor.

Paley, they say, saw the image of the candidate before any other traits. Whoever would lead CBS into the future had to be a 42-Long, sleek and lean, very presentable. He had to share Paley's appreciation of modern art and move about comfortably in social circles. And, of course, he had to be a dynamic corporate businessman. What wasn't required, clearly—as was evident in Paley's four choices of heir—was a flair for show business or a genuine feel for journalism.

Charles Ireland, who died nine months into the job, had come from ITT; Arthur Taylor from International Paper; John Backe from the CBS Publishing Group, and Thomas Wyman from Pillsbury. Only Taylor dabbled in



broadcasting and, because he was on a learning curve, got burned.

Lee Iacocca, who doesn't look the classy executive, saved Chrysler Motors because he knew an awful lot about the auto business. Grant Tinker could hardly be surpassed for corporate good looks, but he didn't rescue NBC from the depths by anything but his knowledge of programming. Paley himself succeeded not because he had class but because he was a thoroughgoing professional broadcaster, maybe the best ever. Is it possible that never occurred to him?

LES BROWN

CASTING CALL

From a morning in the work life of Jerry Beaver, Manhattan casting director:

"Did anyone bring any music they like with them?"

"I did."

"Whaddaya have?"

"Some Springsteen."

"That's old. Levi's is new."

Levi's is inventive. Bruce Springsteen is like Barry Manilow now."

"I got Dire Straits."

"That's a little better."

"Let's have everybody against the wall. Tighter. You're all East Village

people, checking out the scene. Think cool, ladies. Get into character. Okay, now I'm going to put on some music. No dancing. The commercials are not about dancing. They're about people. Personalities. You hear the music. You feel the music. You do not dance. All right, now I'm going to point to each of you. When I do, just kinda throw your body off the wall and come toward the camera. Then turn around and go back. But before you get to the wall, stop, look back, and *nail* the camera with one look. Then keep going. Got it? Okay. Go for it."

"Everybody on this side of the room. We're gonna get some slates. You come out, put your toes on the line, tell me your name. I ask you a few questions, you move off camera. Ready? Let's go. Tell me your name."

"I'm Kimberly Grant."

"Kimberly, you're not from New York, are you?"

"No. I'm from the West."

"That's it. You're a Western girl. Aim at me like you're shooting a pistol. Good. Use your other hand. That's it. Now, both hands. Walk toward me like you're gonna shoot me. Keep going. Good. Next. Come on, let's go. Tell me your name."

"Mark Silverman."

"Mark, what do you do?"

"What do I do?"

"What's your special thing?"

"I'm just a guy with a Jewish name who looks Italian."

"Are you a stand-up comic?"

"No, not really."

"Tell me a joke. Do a comedy routine."

"A joke? Okay. There was this quadriplegic on a ship—a woman—and she was in a wheelchair and everything . . ."

"Next."

"I'm looking for people who have a personality, who say something. That's what they want. They want people who look like they have something to say. I know a lot of people like that, actors, or I see them on the street. Like this band. A friend of mine saw them on the street one day, doing their thing. You could make

“Between the one-man office and the Wall Street monolith. That’s CEA’s niche.”

“Knowing the qualified buyers has a great deal to do with being successful in the brokerage business today. The rush to buy and sell brought on by favorable interest rates and price escalation has created a volatile market for television station sales. The 1987 tax law change proposals and increased pressures in Congress to reevaluate the three-year rule may bring even more sellers to the table sooner.

*DIANE HEALEY LINEN
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TALK SHOW

LICENSE TO SELL

Endorsing products has always been a natural source of extra income for your run-of-the-mill celebrity. But for journalists, such behavior smacks of conflict of interest, a debasement of the profession. Hawking someone's wares deflates the image of journalistic impartiality. But now it seems that if you're prominent enough, you can declare yourself an exception to the rule.

All three networks have policies

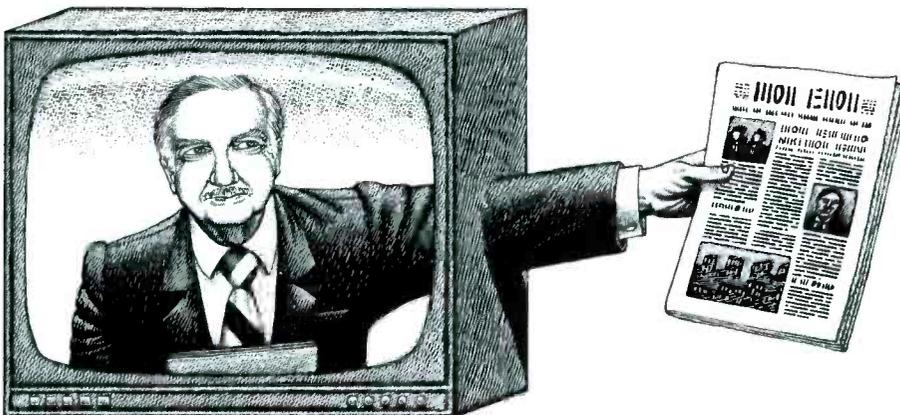
prohibiting news correspondents and anchors from appearing in advertisements other than network promotions. But that didn't stop ABC's Barbara Walters from appearing in a *New York Times* ad for clothing retailer Alcott & Andrews. The ad was identical to others the company runs for its upscale women's clothing, but in the small print at the bottom of this one, Walters was identified as the first speaker in a series of talks by "prominent" women at one of Alcott & Andrews' Manhattan stores. "We believe the

Walters ad was benign," says an ABC spokesperson. "It was not really an ad."

Walter Cronkite, whose retirement chores under his \$1-million-a-year CBS contract include a seat on the board and occasional on-air documentaries, appeared earlier this year in a print ad for *International Paper*, ostensibly to explain "How to Read a Newspaper."

"The rules don't apply to Walter anymore," says a CBS spokesman. "He's not an on-air personality and, besides, it was not an ad. It was more an advertorial."

Perhaps the most shameless rule-breaking of the year was undertaken by Malcolm Forbes, editor in chief and chairman of *Forbes* magazine. Last summer, Forbes appeared in local New York TV spots promoting the editorial excellence of the business pages of Rupert Murdoch's *New York Post*. (Murdoch is a frequent subject of *Forbes* coverage.) *Forbes* spokesman Don Garson didn't even pretend to defend his boss's appearance: "Normally, the policy is that we don't do this, but Mr. Forbes is a friend of Mr. Murdoch's. He did this on his own and, frankly, we were surprised when we saw the ad." RINKER BUCK



A IS FOR ADVOCACY

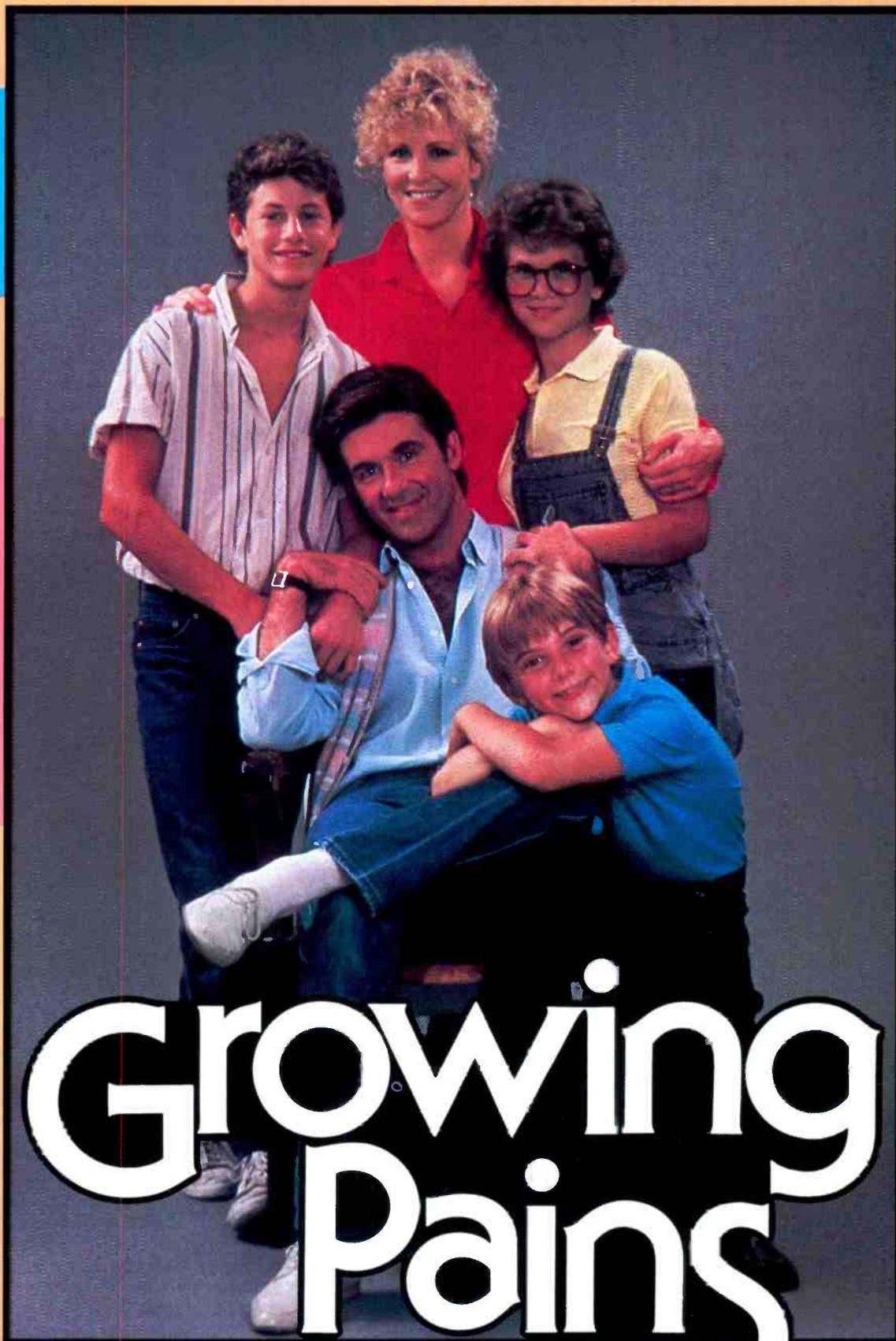
The image on the screen is familiar: Consumer advocate Ralph Nader is speaking critically about television: "As long as the Nielsen ratings tyranny dominates the thinking of network executives, they have to go by way of a formula that meets the lowest common denominator. . . . You'll continually be a slave to that formula unless you're willing to take risks."

The message is provided by NBC in a campaign called "Tuned In To America," which started this summer and will run through the year. The spots feature nine speakers, including Nader, Steve Allen, former astronaut James Irwin and lesser-knowns, such as the head of the National Council of

Senior Citizens, the national president of the PTA and two New Jersey schoolteachers. For 30 seconds, they talk about what they like and dislike about TV. Then, at a strategic point, usually when the speaker is talking about risk, quality or challenge, up comes the tag: "NBC. Tuned In To America" in white letters across the black screen.

What's curious about these spots is that it's difficult to know what to make of them. Even focus groups that screened them "questioned what NBC was up to," according to Betty Hudson, the NBC vice president who heads the project. Are they promos? The messages, Hudson explains, are only meant to say, "We hear you."

Nader, who's in six of the spots, says the campaign is NBC's attempt to be a more "accepted" institution. He seems unperturbed by the notion that he might be promoting the medium he's shown criticizing, and says NBC took the "more bland" of his comments from a two-hour interview. Would he do it again? Yes, but he'd be "more cautious" next time about which of his comments are used. On the whole, though, he gives NBC an A for effort: "They may be using them as promos, but consciously or unconsciously, they're fulfilling their obligation to the audience. They're providing a glimmer of talking back to TV, a glimmer of what a letters-to-the-editor of the air might be." CECILIA CAPUZZI



Growing Pains

WARNER BROS. TELEVISION DISTRIBUTION
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THE PUBLIC EYE

NOT NECESSARILY THE DEMISE



by Les Brown

Just because local stations can cover national news doesn't mean they'll want the expense of doing it full time.

There's been a lot of gloomy talk lately about the future of network news. Much of it is fueled by prophets of the satellite age, such as Stanley Hubbard of Minnesota, who in promoting his Conus satellite news-gathering enterprise likes to talk about how this technology ends a station's dependency on the networks.

It's a fact that local anchormen with access to state-of-the-art satellite gear can interview the same people as network journalists. And through news cooperatives like Conus these stations can serve each other with regional coverage of the country. No doubt about it, network news is becoming less important to affiliates than it used to be.

On top of this, the networks are controlled today by corporations with little use for loss leaders and which demand, especially in a time when the advertising market has gone alarmingly soft, that news divisions earn their keep. Newspapers make money with news, they argue, so why shouldn't the networks?

The changing attitudes toward network news within the industry suggest to many that the national evening roundups are becoming expendable. Separate articles recently published by former key executives of CBS News—Ernest Leiser (writing in *The Washington Post*) and Burton Benjamin (in *Channels*)—present a bleak outlook. Both portray a not-too-distant future when the nightly newscasts will cease to exist, and the networks will serve merely as television wire services, like AP and UPI, sending down reports for stations around the country to incorporate into their local broadcasts.

The logic of this pessimistic scenario moved a writer I know to prepare an essay lamenting the impending loss of the evening news broadcasts and noting how they had served for three decades as the meeting place of the nation. I may have held up this literary enterprise by reminding him that the news of the newscasts' demise is not only as premature as Mark Twain's first obituary but also wholly improbable.

Even if the networks were to take yet more drastic steps to cut the costs of their news operations, they wouldn't hear of ever giving up the franchise. It's much too important to them. News has always been the networks' most vital link to their affiliated stations (practically everything else, except sports, could be shipped on cassette with no harm done). It is also their greatest source of power in dealing with

Washington. Moreover, no matter how much independence local broadcasters may gain from satellite technology, most will want to keep network evening news because it aggrandizes their stations.

Affiliates displayed some of their newfound power recently when they threatened to yank the *CBS Morning News* for their own local versions if the network couldn't improve the ratings. CBS panicked and promised a total revamp of the show. But if something like this had happened with the *Evening News*, the network would have responded differently. The *CBS Morning News* is no more than a distant relative of the *CBS Evening News*, with none of its significance. Any affiliate that might want to dump the premier program runs the risk of being dumped itself; the networks have been known to deal with obstinate stations by switching their affiliation to a more congenial independent in town.

For all the problems that beset them today, the networks are still the biggest power in the industry. To be affiliated with one of them makes a station at least twice as valuable as an independent in the resale market—and therein lies the network's clout.

As for the prediction that the networks will become mere wire services for the stations, someone is going to have to tell me how the economics of that would work. Who pays for this electronic AP/UPI service? Not the stations, surely, which will resist paying for what they've always been

paid to carry. And if the news goes out in fragments rather than as a structured program, with no guarantee that all stations will carry all items, what network advertising can there be to support it? Clearly no network is going to offer such a costly service if there are to be no revenues from it.

If we've learned anything these last few years from the explosion in communications technology it's that there's a very big gap between the possible and the likely. Just because stations have the technological capability to cover national beats doesn't mean they'll want the expense of doing it full time. The ability of local newsmen to interview the President may result only in the networks' doing less of it. There's more to journalism on a national and international scale than any single station can handle alone, even with satellite dishes and membership in a news cooperative.

For all that may seem portended by episodes of audience slippage, the national evening newscasts are locked so irrevocably into the television system that they stand to outlast, even in the satellite age, any other service the networks provide. They may be staffed leaner than before, but they will remain the nation's meeting place for a long time to come. ●



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Last year, over half a million babies were born to teenage girls. Most of these babies will look forward to a life of poverty and deprivation. And they'll cost our country billions of dollars.

We think it's time to do something about teen pregnancy.

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Watch for it soon on the Fox Television Stations.

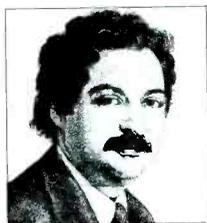
Because when an unwanted baby is born to a teenager, a bundle of joy can turn into a bundle of trouble.

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WNYW *New York* KTTV *Los Angeles* WFLD *Chicago* KDAF *Dallas* WTTG *Washington DC* KRIV *Houston*

THE BUSINESS SIDE

HBO's SECOND WIND



by Merrill Brown

Home Box Office is counting on a new programming strategy to win back its spot as cable's number one network and stanch the flow of subscription losses.

Once the toast of the cable-television business, Home Box Office has fallen on difficult times. Just a few years ago, HBO was the most exciting concept in television, the bane of Hollywood and, for American business, the model of an innovative company that won a wise bet on satellite technology.

Then, seemingly overnight, HBO became a victim of the videocassette recorder boom, an unforeseen development that eroded its niche as an "early window" provider of theatrical films and forced it to launch nationwide ad campaigns stressing the compatibility of its service with the VCR.

A lot of cable experts have grown skeptical about the long-term viability of pay services, especially HBO and the number two national service, Showtime. At a time when cable companies are adding about two million subscribers a year, HBO has been steadily losing customers. Last year, the Time Inc. subsidiary lost between 300,000 and 500,000 subscribers, HBO officials concede. By the end of April this year, another 100,000 subs had defected, according to Paul Kagan Associates Inc.

While no one at HBO seems ready to panic, the theatrical-film programming strategy that's been the keystone of the company's remarkable decade of growth is being reconsidered, even as HBO signs a number of costly film deals. What's emerging is a "big event" strategy that HBO planners hope will fuel future growth.

"We have to be nimble," says Seth Abraham, senior vice president for programming, operations and sports at HBO. "I really believe you can't have a textbook and say, 'This is the way we will re-stoke the engine.' There are so many technological changes taking place that the textbook becomes outdated even before it's published."

That's why HBO's management, once it went through agonizing staff cuts last year, isn't tinkering too much with a product that's still dominant in the field. But there are some things HBO is doing to try to recapture the programming glamour and novelty it once had. According to Abraham, the ratio of theatrical films to other programming on HBO is likely to decline from 70-30 to 60-40. And HBO has already raised the number of monthly programs on its schedule from about 75 in May 1985 to about 130 last August.

Some people, however, say it will be difficult to attract those who have already turned down HBO

subscription offers. In a study for the pay-TV industry conducted by Jack Pottle, a consultant with Browne, Bortz & Coddington, the percentage of basic subscribers buying pay television fell by as much as 5 percent from May 1984 to May 1985, a situation Pottle says suggests "a serious problem of an entire rejection of the pay product as currently packaged, priced and marketed."

Pottle thinks the pay-TV crisis stems from an underlying issue—a diminishing sense among subscribers of the value they're getting from their \$10 to \$12 monthly subscription fees. "The problem is more fundamental than marketing," says Pottle, adding that nothing has happened since that would alter the results of his 1985 study. "The pay-TV business isn't going to disappear overnight. But the price-value relationship is out of sync with the marketplace. They

probably have to bring the price down to reflect the value people perceive."

Another consultant, Hazel Kahan, who is at work on a study of pay-television erosion for the Cable Television Administration and Marketing Society, agrees that the public's perception of what they get out of HBO is sinking. "With a 24-hour channel carrying 80 movies you don't watch, the number you reject overwhelms the number you accept," she says. "That is the experience that stays with you and it becomes part of the perceived low value of pay television. The enjoyment doesn't rise to the surface

because people spend so much time rejecting. People don't like waste. People don't seem to talk about their enjoyment, they talk about what they're paying."

Even though there are no definitive pricing studies of pay-television services, HBO officials say price is far from the top of the list of subscriber complaints; number one is repeats, by a two-to-one margin. And that's what the emphasis on new programming—original films, comedy and music specials, sports events like top fights and perhaps, one day, even pro-football—is all about.

Meanwhile, the most worrisome competition for pay TV may be coming from HBO's cable pals. Even though HBO played the leading role in attracting cable subscribers in its go-go years, the hot talk in the business these days is about upgrading basic programming by creating a powerhouse, mass-audience channel. "We want to be the superchannel," says Abraham. "We are the superchannel." If the move away from theatrical films and the competition of video rentals succeeds, HBO may become cable's mass-audience channel. But with others waiting in the wings, HBO must regain its dominant position quickly if its future is to be secure. ●





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Television



COMPANIES

Colossus of Cable

by Meryl Gordon

ONE OUT OF every six subscribers in America will soon belong to Tele-Communications Inc., but it's still restless. What's next?

A lot of people in the television business are downright afraid of Tele-Communications Inc. Or they simply don't like the Denver-based outfit that just happens to be the nation's largest cable television company. And why not? For starters, there's the story about what TCI did to the town of Vail, Colo., way back in 1973 at the dawn of cable. When TCI couldn't get the rate increase it wanted from the town, it turned the cable system off and instead ran the mayor's and city manager's phone numbers—for an entire weekend.

More recently there's the story about TCI's negotiations with Rupert Murdoch's Fox Broadcasting, which, like TCI, is trying to launch a "fourth" television network. TCI wanted its cable systems to be Fox affiliates. When Fox balked, TCI threatened to turn Fox's flagship Los Angeles station, KTTV, into a superstation, by putting its signal on satellite and beaming it nationwide. Although TCI would have had to pay compulsory licensing fees to Fox, legally it could do just that, no doubt damaging in the process Fox's bid for more broadcast affiliates. TCI's senior vice president,

Meryl Gordon profiled Comcast CFO Julian Brodsky in the June Channels.

John Sie, maintains the company wasn't really serious. "The words 'threat' versus 'scenario' are different things," he says, but TCI is still pursuing the possibility and Fox still isn't interested.

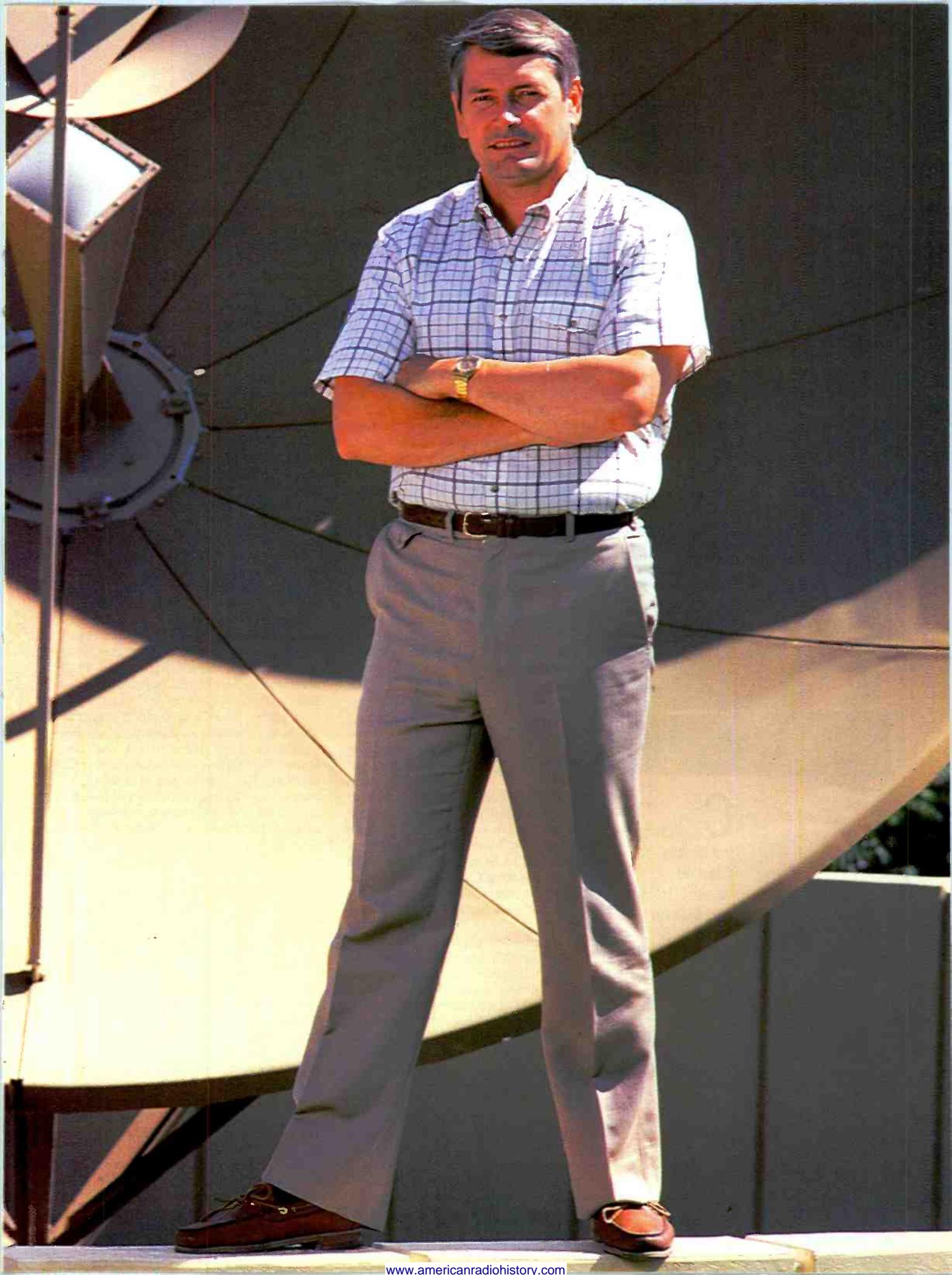
And there are many such stories in between, all of which have caused the industry to regard the cable giant with a wary eye. "People don't trust us," complains Stewart Blair, TCI's senior vice president for mergers and acquisitions and a former Chase Manhattan vice president who joined the firm five years ago. "They think we go back up to our rooms each night with an alchemist's stone, do voodoo incantations and make a pact with the devil." TCI's success, according to Blair, "can be reduced to hard work, intuition and the freedom to make decisions." Says Donne Fisher, the company's chief financial officer, "We're just a company that works for its shareholders."

Right. And Sarah Ferguson was just another British bride last summer, and Donald Trump just another 40-year-old trying to make it in real estate.

Founded 30 years ago in the tiny town of Memphis, Texas, by cattleman Bob Magness, TCI is the undisputed colossus of the cable industry. With its 3.2 million wholly owned subscribers and more than 50 percent ownership interest in firms with 2.1 million more, the company is the

TCI President John Malone: Industry players call him bright, aggressive and arrogant.





CRITICS SAY Malone and other TCI executives have no qualms about using threats to get their way. To them, TCI is the bad boy of the cable industry.

industry's proverbial 2,000 pound gorilla: It can sit anywhere it wants. When present acquisitions are completed, TCI will serve one out of every six cable subscribers in the U.S., giving it a degree of market power that irks its competitors, suppliers and many of the city officials where TCI has exclusive cable franchises. "I think they're bullies," says one cable programmer.

But Wall Street analysts are entranced with the company's shrewd acquisition strategy and its stock, which has climbed a whopping 2,500 percent since the company went public in 1970. "It's a great financially managed company," says Andrew Wallach of PaineWebber. "It's

on the cutting edge of what happens in the industry."

Fans and foes alike agree that the innovative executives who run TCI have enormous influence in almost every area of the cable business.

The guiding force behind the company for the past ten years has been

a brash, 45-year-old former management consultant named John Malone. Gray-haired and of medium height, John Charles Custer Malone, who has laughingly claimed to be a distant relation of George Armstrong Custer, has a reputation as an extremely talented strategic thinker—and as a fighter, although he's smart enough not to underestimate the Indians. Industry players use phrases like "very bright, aggressive, and arrogant" to characterize Malone, who describes himself as an intellectual and keeps his four framed college diplomas on his office wall (a Yale undergraduate degree in electrical engineering, two master's degrees—in industrial management and electrical engineering—and a Ph.D. from Johns Hopkins in operations research). As president of TCI, Malone is said to have a wide-reaching curiosity and a short attention span, an idea-a-minute man who gladly delegates others to implement his plans. Malone has an easy grin and a relaxed, down-home style: His speech is peppered with profanity, and at work he's likely to be found in a casual

shirt and slacks (suits and ties are for meetings with bankers) with his feet propped up on his—or someone else's—desk.

His informal manner belies the fact that Malone has helped build a company with an estimated breakup value of more than \$3.8 billion. TCI has cable systems in 47 states and extensive investments in nearly 35 other companies including other cable operators and programmers (Turner Broadcasting System, Black Entertainment Television, American Movie Classics and, the latest investment, cable's Discovery Channel). In addition, there's the C.O.M.B. cable shopping network and a joint information-delivery venture with McGraw-Hill and Telecrafter Corp., called X*Press. That new service, expected to be available nationwide at year's end, will provide personal computer owners with stock market quotes, news stories and business data.

Malone at one time concentrated on expanding TCI's subscriber base, primarily by buying up existing systems and building the occasional new franchise. But now he's turned his considerable attention to the programs on cable—what drives all those viewers to sign up in the first place. And he's found it wanting: There is no single channel or show currently drawing subscribers the way Home Box Office did before the VCR invasion. So Malone has unleashed his own scheme to win their hearts—and dollars: a mix of entertainment, news and original programming, underwritten in part by cable operators, that would in essence be a "fourth" network.

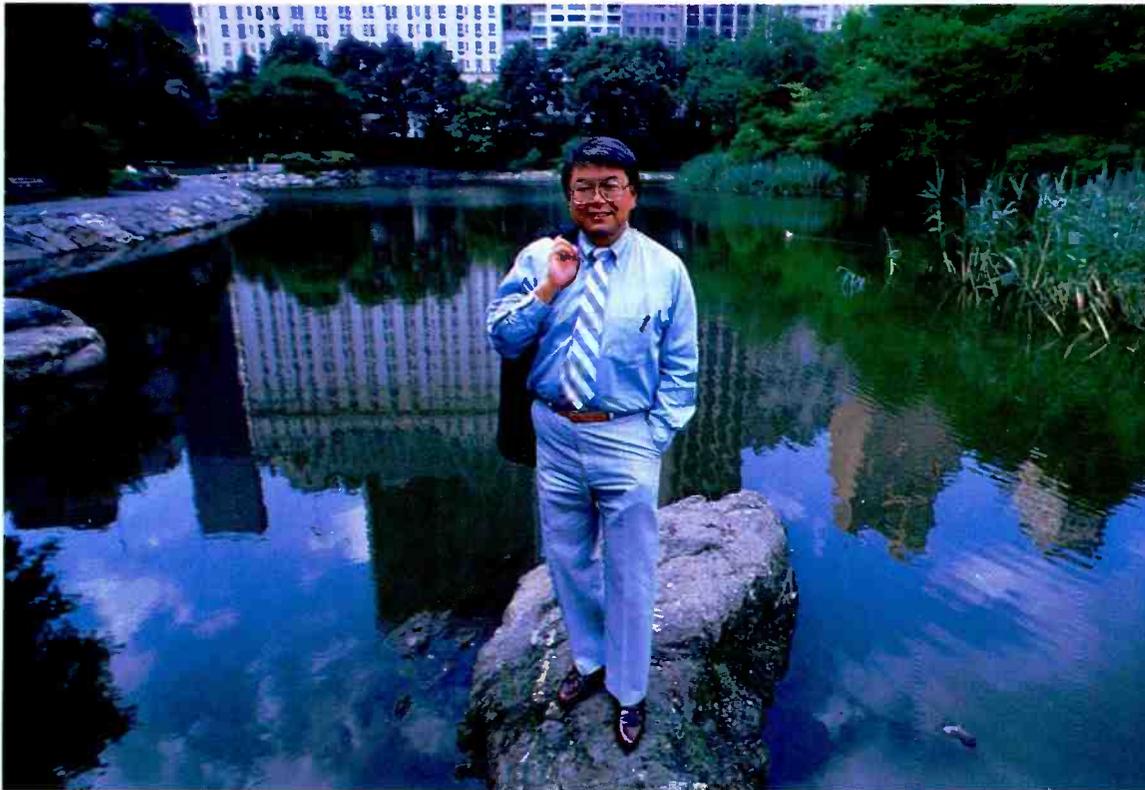
What we need is a channel with shows that get a 15 to 20 rating, not a .6 or .7," says Malone. Malone launched his idea last March at the National Cable Television Association convention. Since then he and his astute sidekick, Sie, who serves as the firm's programming chief, have been flying around the country meeting with cable operators and Hollywood programmers. Malone even broke off a month-long no-telephone Maine sailing vacation last June to sneak in to Manhattan for a meeting with Ted Turner, who wants to originate the new channel.

TCI's rationale for the network is twofold: In just four or five years, most of the country will be wired for cable. At that point operators will need to concentrate

PHOTO COURTESY OF MULTICHANNEL NEWS



Celebrating the Disney Channel launch: (from left) Malone, Betsy Magness, TCI founder Bob Magness and executive vice president J.C. Sparkman, in 1984.



MARKS WEYLER

John Sie in Central Park: TCI's senior v.p. has traveled the country selling the company's programming scheme.

on squeezing the last dollar out of each system, both by signing up more households and by raising rates, which is easier to justify if cable's shows are compelling. By investing in exclusive, promotable cable programming—such as National Football League games or syndicated episodes of *The Cosby Show* from Viacom, cable operators will benefit from increasing ad revenues and will be less vulnerable to rate increases from the existing programmers, according to Malone.

That's TCI's grand plan in theory, but it raises a daunting array of logistical issues, chief among them: Who would control this powerful operation and what lucky channel would air these shows? Malone sees several possibilities: an entirely new channel started by Ted Turner, who can bring to it his news operation, movies from the MGM library and sports; a revamped USA Network, which already has a broad-based audience; or a new channel, funded and run by an industry co-op.

The plan has the cable industry abuzz with rumors, theories, proposals and counterproposals—but then, TCI's top executives are used to keeping the industry guessing. Given TCI's clout, almost anything Malone and his colleagues do carries weight in the industry—and has a certain amount of controversy attached. Cable operators are intrigued by the idea of improved programming but choke up at supporting it with their hard-earned cash. "Yes, we need better programming, but how we get from here to there

is a big question," says Jim Cownie, president of Heritage Communications Inc., the tenth-largest cable operator. Another major operator expresses twofold worries: "If we create another channel, we'll steal viewership from channels already out there. I'm also concerned that there are significant antitrust issues here if competitors combine their efforts to produce programming."

Now that Malone has stirred up the industry, he's having a grand time sitting back and watching it all play out. "We'll see who comes to us with good ideas. But nobody is saying TCI is crazy," says Malone in his spacious, wood-paneled office at TCI's headquarters in the Denver suburb of Englewood. "We want to be lightning rods, and it seems to be working. Ted [Turner] is thinking about another channel, another continent, about turning into the imperial wizard."

Malone and his cadre of top managers have tremendous freedom in running the company; they maintain control over 68 percent of its stock. That means TCI can make decisions quickly, says Malone, who adds with a grin, "I have discretionary authority that exceeds that of anyone running a public company of our size."

That authority is backed by TCI's unique financial structure, which gives the company an edge in the highly competitive mergers-and-acquisitions game. The company is structured on that time-honored all-American principle: Avoid

taxes whenever possible. Like other cable companies, TCI has extensive accelerated depreciation deductions and investment tax credits that reduce its taxes to a minimal level. (The new tax reform bill will cut back TCI's tax savings, but accumulated tax credits assure that TCI won't pay significant taxes until 1989-90.) But beyond those standard cable deductions, TCI goes several steps further to keep from handing money over to Uncle Sam. The company pays no dividends and is perfectly content to report low earnings. "We operate like a private company," says the folksy 62-year-old Magness, who divides his time between TCI and breeding Arabian horses. "We're geared to building equity rather than showing earnings." TCI's earnings were a mere \$10.1 million, or 22 cents a share, on revenues of \$577.2 million in 1985, down from \$17.3 million in earnings on \$449.4 million in revenues the previous year. Since TCI's executives worry little about quarterly earnings, they can bid more aggressively for cable acquisitions. TCI doesn't hesitate to acquire new properties and add extensive bank debt; interest payments are deductible and the new assets add to the company's value. (Unlike other cable companies such as Philadelphia-based Comcast, TCI doesn't use limited partnerships to finance deals because that would require giving up tax benefits.) TCI's debt is now up to \$1.7 billion, including the company's share of bank loans taken out in June by a consortium to purchase Group W's cable systems.

MALONE'S DREAM: a fourth network that mixes entertainment, news and original programming, and is underwritten by cable operators.



BRIAN PAYNE

When I look in the mirror,' says Malone, 'I see a nice guy, flexible, reasonable . . .'

The company asks to be judged on its stock price and cash flow—and gets rave reviews on both counts. TCI reported cash flow of \$235 million in 1985, and the stock has soared in recent years. TCI's stock has split four times since the company went public in 1970; a share purchased for \$16 back then is worth roughly \$450 today. Even though TCI stock is now trading near its high of 28½—many analysts are recommending purchase. They believe the company's asset value is actually about \$40 per share. "I think we'll see cash flow gains of 10 to 12 percent a year," says Paine Webber's Wallach, who points out that cable deregulation will enable TCI to raise rates next year. "They've pioneered the concept of maximizing shareholder value versus earnings per share, which is unique for a public company," says Wallach. "Almost everyone has followed them." Drexel Burnham Lambert analyst John Reidy is equally enthusiastic, predicting strong growth ahead for the company and describing Malone as "one of the most astute businessmen I've ever met."

While Wall Street gives the company high marks, others in the business are less sanguine about TCI—size being the key issue. With 40 million homes wired for cable, TCI has more than 13 percent of the market, which competitors complain gives the firm monopoly power. Concerns about that power prompted one Montana cable operator, Satcom Inc., to petition the Federal Communications Commission for relief. Now the powerful Motion Picture Association of America, worried about TCI's ability to control what programming makes it on cable, is lobbying the FCC for other restraints on the growth of the largest operators. MPAA president Jack Valenti maintains that with TCI and second-ranked American Television and Communications soon to control a quarter of the nation's cable subscribers, "the public interest is clearly in jeopardy." The FCC is now considering a proposal to bar operators from owning or running systems that serve more than 50 percent of a state—a plan specifically aimed at curbing TCI. But TCI isn't worried. "I don't think they'll find anything to alarm them," says Magness.

To the envy of others, Tele-Communications is able to use its might to negotiate substantial discounts—up to 25 percent, industry sources say—from programmers and suppliers. "Everyone plays hardball with us," says a Home Box Office executive, "but given TCI's size,

they use bigger bats." Those discounts guarantee TCI lower costs in relation to smaller cable operators. Smedley Butler, chief financial officer of the 100,000-subscriber Simmons Communications Inc., says wistfully, "We'd love to have their discounts." This financial phenomenon isn't surprising; old-fashioned economics dictates that the biggest player in an industry is bound to have economies of scale. TCI's Fisher says, "There are things that you can do because of size, and you'd be stupid if you didn't. But you don't go too far."

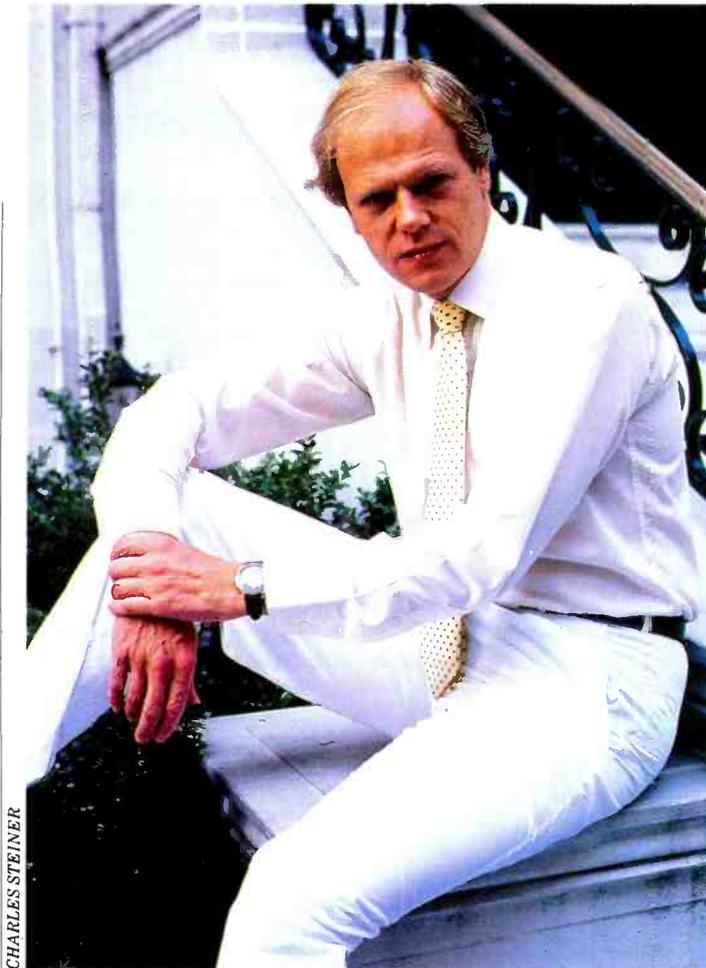
How far TCI does go is hotly debated. Critics say Malone and other TCI executives have no qualms about using threats or lawsuits to get their way. They paint TCI's management as the bad boys of the cable industry.

Programmers are the most vociferous complainers, claiming that Malone and company pit them against one another when making deals and have the power to make or break new services. Many industry players believe that TCI was to blame for NBC's decision to drop its proposed all-news cable channel, aimed to compete with Ted Turner's Cable News Network. The story is somewhat murky, but the thrust is that Malone is widely believed to have used the NBC proposal to gain leverage with Turner, a charge the TCI president denies. NBC, which hopes to do business with Malone in the future, prefers to characterize the incident as a failed negotiation. "We needed a per subscriber rate of 12 cents a home," says Thomas Wolzien, NBC vice president for editorial services. "TCI wanted a rate reduced radically by the volume of homes which, given our economics, didn't make good business sense." Malone explains it somewhat differently: He says he initially supported the idea but was angered when he learned that NBC had double-crossed him and was negotiating, unsuccessfully as it turns out, to buy a controlling interest in CNN. "If we're going to have a monopoly, let it be Turner," he says, adding that he already had a long-term agreement with Turner. He dismisses charges of any behind-the-scenes maneuvering, but observers note that shortly after TCI worked out an agreement to sell CNN to satellite dish owners, it purchased 5 percent of Turner Broadcasting System, a move TCI executives simply describe as a "good investment." Whatever the back-room discussions,

NBC failed to sign on enough cable operators and dropped its plan in January for the time being. Wolzien says the TCI refusal wasn't the crowning blow, but it obviously hurt. "I don't think you can underestimate the clout TCI has with all its associated companies in the cable industry," he says.

The warfare between the programmers and their largest customer, TCI, is probably inevitable. Malone charges that every time a basic channel begins to prosper, the programmers try to jack up prices. "If a guy comes to me with a free service and says, 'I want you to carry my channel,' that's one thing. But if he turns around and says, 'That's going to cost you 20 cents a subscriber,' that's millions. Where does it say that I'm supposed to write these guys big checks?" he asks. Malone sees himself as the man who forced ESPN to be a good sport, and MTV to face the music. When ESPN announced plans to raise rates several years ago, TCI threatened to cancel it. "The rest of the industry covered, but we said, 'That's bullshit.' We'll find an alternative," says Malone. ESPN scaled back its demands and TCI negotiated a new contract. Similarly, when MTV tried to raise rates two years ago, TCI fired off a cancellation letter to the programmer and expressed serious interest in Ted Turner's plans to start a rival music channel. Not surprisingly, MTV changed its tune and signed a long-term, reduced-rate agreement with TCI.

Programmers (who request anonymity for fear of angering TCI) say such stories are common, that the company simply orders them around. Last fall, for example, TCI warned them that if they didn't start scrambling their signals—thus eliminating the free ride satellite dish owners were getting—TCI would stop paying their fees. "If they aren't going to charge others, they aren't going to charge us," Malone argued then. Programmers suddenly decided that scrambling might just make sense. Malone also suggested to a consortium of ESPN, Showtime and Turner that it would not be in its best interest to sell services directly to owners of backyard dishes, a service TCI wanted to provide. The group dropped the plan and TCI went ahead with its service. "What do you say to a gorilla?" says one frustrated programmer. "You say, 'Yes, sir.'" The Justice Department is now investigating the cable industry's action on scrambling, including whether "certain cable systems acted unilaterally or in concert to force programmers not to



CHARLES STEINER

'We're good at acquisitions,' says TCI's Stewart Blair. 'We do them all the time.'

use other means of distribution," according to Barry B. Grossman, chief of Justice's communications and finance section of the antitrust division.

Malone says his industry tough-guy image is much overrated. "When I look in the mirror, I see a nice guy, flexible, reasonable. I just play the cards as they're dealt. We could have gone hostile [in some cable acquisitions] but we want to be the white knight. I'm the Henry Clay of the Twentieth Century media—the peacemaker," he says, referring to the Missouri congressman who crafted the Compromise of 1850, an effort to head off the Civil War. "Of course, sometimes you have to kick the shit out of people to be a peacemaker. Sometimes people won't be realistic. And sometimes you have to bite down on your tongue hard—we've got to get along with others in this industry."

Malone, who seems to thrive on the controversy swirling around him, has wanted to run a company since childhood. He grew up in tiny Milford, Conn. His father, an engineer, was a vice president at General Electric and eventually left to form his own business. In grammar school, Malone bought surplus radios from GE, repaired them and sold them to

his classmates. "When I was a kid I always wanted to go into business, but it was more a curiosity about how things worked than a desire to be Scrooge McDuck," says Malone. He hasn't done badly. According to a company 10-K report, Malone owns more than 1.3 million shares of TCI's Class B stock, worth more than \$33 million. While he lives well, with vacation homes in Santa Fe and Boothbay Harbor, Maine, associates say he does not practice conspicuous consumption.

Malone joined AT&T's Bell Labs after graduating from Yale in 1963, and later racked up three more degrees. "If you're at Bell Labs and you don't have a Ph.D., you might as well be a gofer," he says, downplaying the accomplishment. (He uses the title Dr., considered a pompous mannerism, but says in his defense, "I never used it till I came out here. It was almost forced upon me by the organization. They thought it was different. It's been a source of humor—do you fix broken legs, that sort of thing.") Malone left Bell Labs in 1968 to join McKinsey and Co., the New York-based management consultants, and after two years there was hired by a company he helped restructure—General Instrument—as president of the firm's Jerrold cable equipment division. After three years

'THE INDUSTRY thinks we go back to our rooms each night with an alchemist's stone, do voodoo incantations and make a pact with the devil.'

there, Malone was ready to make a move and lined up two job offers: the president's job at TCI or the top job at Warner Communications' cable operations. Married by then (his wife, Leslie Anne, is an interior decorator) with two children, Malone was tired of the New York commuting life ("I had a beautiful home in Weston [Conn.] and I never saw it in daylight"), so he opted for TCI in Denver.

Since taking the helm at TCI, Malone has pursued a single-minded acquisition strategy. Through the 1970s, the company snapped up existing cable systems in rural areas and built so-called "plain-vanilla systems" in its new franchises, avoiding costly, state-of-the-art technology. That strategy enabled TCI to profit from others' mistakes: Two years ago the company bought the Pittsburgh franchise from Warner-Amex Cable, which had already lost \$31 million on the venture. TCI ripped out the bells and whistles, removing Warner's much vaunted QUBE system, which allowed viewers to interact with TV programs, and shut down four of the five community studios. TCI's Fisher says the cost-cutting has paid off: The franchise there is now generating \$12 million a year in cash flow, up from \$3 million under Warner. The initial reservations of Richard Emenecker, superintendent of Pittsburgh's Bureau of Cable Communications, have evaporated. "TCI operates most of the suburban systems that touch our borders, and they have had a poor service reputation," Emenecker says, adding that the suburban systems only have 20 channels, compared to the city's 44. "We were concerned that we would be dragged down to the level of the suburbs. But to date, service hasn't been a problem."

During the past two years, TCI has put millions of dollars into upgrading its systems, and seems to have improved local relations. The company battled with Boulder, Colo., officials for years in a complicated lawsuit involving TCI's

right to wire the entire city, a case TCI took to the Supreme Court and won. In spite of the city's expenditure of \$250,000 in legal fees, relations have improved considerably since, says Richard Varnes, Boulder's cable director. "I'm not exactly sure what the cause was—maybe they found it as painful as we did," he says. Now TCI is playing good citizen, he adds, citing the company's recent donation of \$140,000 to the city for equipment for a municipal channel.

While the company has improved service, TCI's executives still aren't rushing into state-of-the-art technology. Until now, the company has stayed on the sidelines while other operators have been offering subscribers pay-per-view services. Most operators offering the service, which allows customers to order individual programs, are installing the technology free and charging subscribers \$5 or so per movie—giving the movie studios 45 percent of that sum and keeping the rest. TCI, typically, is marching to its own drummer: Its plan to experiment with pay per view this fall involves charging subscribers a \$5 monthly access fee—defraying the cost of the additional hardware—and a \$2-per-movie fee, which will go to the studios. "We've found that only 10 to 15 percent of all cable households buy the majority of pay-per-view releases—we want to find those households and charge them \$5 per month to qualify," says Sie.

TCI has developed a very broad reach in the industry over the years and shows no signs of slowing down. Executives say TCI is expanding by doing almost a deal a week. "We're good at acquisitions, not because we know anything everybody else doesn't, but because we do them all the time," says Stewart Blair, in charge of TCI's mergers and acquisitions. "Also we don't tend to get bogged down with details. We don't look for reasons why things won't work." Blair acknowledges that the do-it-now psychology sometimes means the firm makes mistakes, but he maintains that the recent soaring value of cable properties has made even bad decisions look good.

Malone relishes the wheeling and dealing, although associates say he's not a very tough negotiator because he "falls in love with deals." TCI, with its big bankroll and voracious appetite for growth, has become the lender-of-last-resort for many cable companies on the edge.

"We've seen every type of estate problem, tax problem, limited partnership, deals in the tank, deals about to go in the tank," says Malone, who sports a gold telephone in his office, an appropriate gift from TCI's investment banking firm, Drexel Burnham. "We go in quickly, and we react quickly. We had a guy in here today who wants to buy a cable system, but his financing dissolved and he's supposed to close by Friday. He went out of here with a document from us that will enable him to get financing. We do those all the time."

Competitors envy TCI's ability to lock up deals without extensive discussion or paperwork. David O'Hayre, senior vice president for investments for the second-largest cable company, Time Inc.'s American Television and Communications, says. "I have to go to the executive committee of Time Inc. for a decision. TCI can move much quicker."

Sometimes cable operators actively seek and welcome TCI's investment dollars; others have qualms when TCI comes calling, cash in hand. United Cable officials were concerned a year ago when Malone stopped by to announce that TCI had purchased 5 percent of United's stock and planned to buy 20 percent more. "We said, 'We can't stop them, so let's have a standstill agreement,'" says Fred Vierra, United's president. "We know them and like them, and you can see some benefit from being associated with a company with that many subscribers. But it's like that line from *The King and I* when the king is thinking of signing a treaty with a neighboring country and wonders, 'Might he not protect me out of all I own?'" So far, the relationship between the two companies seems to be working well; United has reduced its operating costs by taking advantage of TCI's discounts on programming, and the two are jointly wiring Baltimore.

On the other side of the equation, TCI helped former cable broker Jeffrey Marcus go into business back in 1982, selling him a system and financing the purchase. He says TCI's 50 percent partnership helped Marcus Communications grow rapidly, from 8,500 subscribers to 150,000 subscribers. "When I'm dealing with TCI, I'm dealing with my good buddies," says Marcus, a personal friend of Malone. "I see them as benevolent and patient towards their partners. But I've also seen how they react when things don't work out with people—they come down like a 2,000 pound gorilla. It's an incentive not to take advantage of them."

TCI At a Glance

OWNED-AND-OPERATED		DESCRIPTION		
504 cable systems		Include systems in 42 states and some 3,779,000 subscribers		
Cabletime magazine		A channel guide for TCI subscribers		
PARTNER INTERESTS				
Company	%	Partners	Subscribers	Description
Communications Services Inc.	80*	CSI Management	179,000	MSO
United Artists Communications	55	Public	750,000	MSO
TKR	50	Knight-Ridder	181,000	MSO
TCI-Taft Cablevision	50	Taft Broadcasting	184,000	MSO
Marcus Communications	50	Jeffrey & Nancy Marcus	84,888	MSO
Cablenet Associates	50	Agra Industries	60,000	System based in suburban Chicago
Bresnan Communications	50	William J. Bresnan	45,000	MSO
Memphis CATV	44½	ATC, local investors	116,000	MSO
Group W	32.6	ATC, Comcast, Century Southwest, Daniels & Associates	2.2 mil	MSO
United Cable	24	Public	1.1 mil	MSO
Telecrafter Corp.	22.2	Public (A. Clinton Ober, top shareholder)	—	auditing, marketing services for cable, broadcasting
Lenfest Group	20	H.F. "Gerry" Lenfest	130,000	MSO
Televents Group	15	Carl Williams, individuals	125,000	MSO
Turner Broadcasting Systems	6#	Public (Ted Turner, Controlling Interest)	—	Programming
Cencom Cable Associates	minor	Cencom Management, Centennial Fund, Charter House Group Intl	150,000	MSO
District Cablevision	0	TCI is limited partner w/Bob Johnson, other individuals	2,000°	Washington, DC Cable system
Program Services				
X*PRESS Information Services	56¾	McGraw-Hill, Inc., Telecrafter Corp.	1,000	Electronic satellite data broadcasting
American Movie Classics	33	Rainbow Program Ent.	500,000	Premium cable channel offering vintage movies from 30s to 70s
Black Entertainment Television	16	Taft Broadcasting, HBO Bob Johnson	13 mil	News and programming angled toward America's black viewers
Cable Value Network	14	C.O.M.B., McCraw Communications, United Cable, Warner, ATC, 17 others	11.5 mil	Shop-at-home network
EvenTeleVision	10	ATC, Caesar's World, Warner Cable, Telecable Group System Newhouse Broadcasting	viewer numbers vary per event	Sports, Movies pay per view
The Discovery Channel	10	United Cable, Cox, Newhouse Broadcasting, Group W Satellite, NY Life	7.5 mil	Science-oriented programming
OTHER		DESCRIPTION		
Republic Pictures		A film distribution company, formerly operated as a wholly owned subsidiary, distributed to TCI shareholders in January of 1985.		
Western Tele-Communications		This microwave common carrier, also a former wholly-owned subsidiary, was likewise distributed to TCI shareholders in March, 1984.		

"Taking advantage"—that's a phrase some cable operators and programmers toss around as they look at TCI's role in the cable industry and contemplate John Malone's latest brainstorm, the fourth network plan. "These people seem to have this sort of Utopian view of the cable world—that they have a mission from God to make a brave new world, but on their part it's a selfish and greedy notion," says one of TCI's critics. Given the resentment that other cable players express toward TCI, Malone may have a tough time bringing together operators to back his fourth network idea, regardless of its merits. At the moment, Sie is out pounding on doors, displaying his charts and graphs, trying to get people excited about producing what he calls "punch-through programming." He estimates that if the entire cable industry kicked in 50 cents per subscriber per month initially—which adds up to a sizeable \$19.2 million—that would pay for a daily hour of prime-time programming. A show with a 10 rating—low by network standards—could bring in \$85 million in advertising revenues, with additional revenues to come from foreign distribution, he says. That's his best scenario, but Sie says if the entire industry doesn't sign on, "We can always scale back. Instead of a show every night, we could go for five nights a week."

The numbers certainly sound good, but there's one thing Sie can't guarantee—ratings. "You don't just go into the garage like Mickey Rooney and Judy Garland and say, 'Let's put on a show,'" says an HBO executive. "The networks can barely do it, and they've been trying for quite awhile." The big three networks spend millions each year on shows that die a rapid death on the tube; who's to say that simply throwing money at cable shows will produce anything worthwhile? With that in mind, it's very unclear whether TCI can convince the dozens of conservative, small and mid-sized cable operators to start handing over their money. But Malone is, as ever, confident. "I haven't talked to anyone who doesn't agree that we ought to do this. I haven't heard anyone say, 'Holy shit, I can't afford 30 or 40 cents,'" he says. Then he adds in a more subdued tone, "I have scattered the seeds widely, and I'm waiting to see what grows in the garden." Given Malone's past record of getting what he wants, many savvy cable observers are betting he has the power to make something—whether it's roses or dandelions—bloom.

* TCI owns 20% of CSI's common stock with options up to 80% in preferred stock.
 † TCI presently controls stock options up to 24% and has entered into an agreement to acquire more between present and 1994 with United Cable's consent.
 ‡ DCI began serving to its first subscriber in September and is expecting a sub-base of this size by year's end.
 § TCI has options up to 50% or more.
 ¶ TCI currently owns less than 1% of IBS but has warrants to purchase up to 5% more.

Miami's Radio Picante

by Marc Fisher

Cubans have brought a new kind of radio to the U.S., full of heated journalism and partisan politics.

Inside a new professional building in Miami's "Little Havana," amid the buzz and clatter of a radio newsroom, several middle-aged men lean over manual typewriters. They are not your standard radio newscasters: WRHC's staff includes a former Cuban senator, a major in Fidel Castro's revolutionary army, a onetime star of the Cuban stage and a once-prominent Havana radio announcer.

And this is not your usual station. WRHC's call letters stand for Radio Havana Cuba. Its listeners recently sent 106,000 letters to President Reagan hailing his Nicaragua policy, and its reporters sometimes stuff their notebooks in their pockets so they can better cup their hands to shout along with anti-Communist demonstrators.

Miami's seven Spanish-language radio stations have drawn thousands of Cubans into the streets and raised millions of dollars for widows and guerrilla warriors. They have also turned South Florida into what the ACLU calls "the object of national ridicule." The most-listened-to AM station in America's most bilingual city is Spanish-language WQBA (known as *La Cubanísima*, or the *most Cuban*). The airwaves in Miami are electrified with the clash between American journalistic traditions and the no-holds-barred street politics of the Cuban community.

In recent months, the edgy truce between Hispanics and the other 57 percent of greater Miami's population has degenerated into a battle loud enough to attract the attention of *Doonesbury* cartoonist Garry Trudeau. Trudeau spoofed the stations this summer, picturing them mounting a benefit concert for the Nica-

Marc Fisher is a reporter for The Miami Herald.

raguan "freedom fighters"—called, of course, "Contra-Band."

It was the issue of contra aid that most recently heated up Miami's *picante* broadcasters. In March, Cuban commentators urged fellow exiles to gather across the street from the city's Torch of Friendship monument, where a small group of contra-aid opponents were gathered. Two thousand pro-contra demon-

strators showed up; a few of them threw eggs and rocks at their political adversaries. Miami Mayor Xavier Suarez, the city's first Cuban-born mayor, stood on the pro-contra side of the rally, condemned the "Marxist groups" across the way and told the crowd that "unfortunately, they have a right to be on the other side of the street."

Suarez later issued a warning: "As a



Salvador Lew (foreground), owner of Miami's WRHC, flanked by Lazarro Asencio (left), who served in Fidel

Doonesbury

BY GARRY TRUDEAU



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Miami's contra battle is so loud that even cartoonist Garry Trudeau has weighed in.

practical matter, I would suggest that those who have extremist views—whether from the right or left of the political spectrum—choose some other place to publicly express those views. Miami is a complex city, made up of people who have suffered greatly under extreme forms of oppression. A small minority of those are not able to control their desire to harm those who espouse a different

philosophy.”

“Intolerance is our original sin—Cuban Miami’s vice,” says Jorge Ulla, a former Miami resident who has written and directed films about Cuban exiles. “It can be amusing, like Archie Bunker in Spanish, but it can also be dangerous.”

“I don’t hear contrasting voices on Cuban radio,” says Francena Thomas, a Florida International University admin-

istrator and former radio talk show host. “Its goal is only to push this community into an anti-Communist frenzy.”

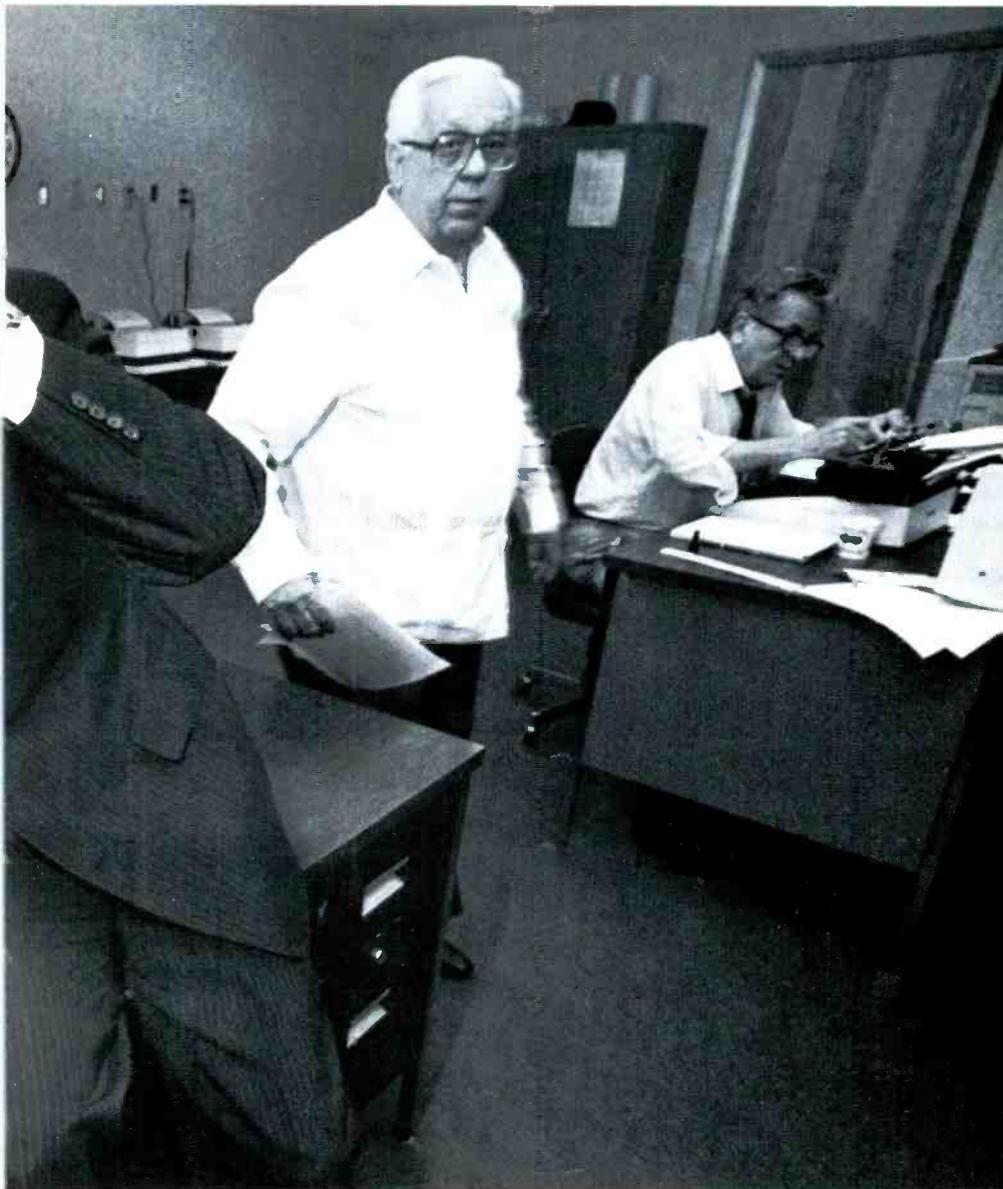
Police and the area’s tension-cooling Community Relations Board regularly monitor the Spanish news-talk stations. Politicians, artists, writers—all manner of people who criticize the stations—often find themselves being called Communists or Castro agents on the air. Each flare-up starts with words uttered into a microphone in a studio in Little Havana and broadcast to Miami’s politically supercharged Cuban community.

Dolores Prida, a New York playwright whose latest work was to be produced at a Hispanic theater festival in Miami, found her show canceled last May after a political activist went on WQBA to accuse Prida of supporting Fidel Castro. (Prida denied the charge.)

Two years ago, Jane Fonda was scheduled to appear at a Burdines department store to push her exercise wear. Two Latin stations urged listeners to flood the store with calls complaining about the “reddish leftist.” The listeners responded, telling Burdines they would tear up their charge cards if Fonda appeared. The appearance was dropped.

Spanish-language stations routinely blacklist Latin musicians whose politics they abhor. Among the censored: popular Panamanian singer and filmmaker Ruben Blades (who once sang a song condemning American intervention in other nations) and, for a time, even Spanish superstar Julio Iglesias, who offhandedly said at a Miami concert that he got a lot of

“Intolerance is our original sin, Cuban Miami’s vice. It can be amusing—and dangerous.”



Castro’s army, and Armando Garcia-Sifredo (right), a former Cuban senator, and Alfredo Alvarez-Torres.

mail from Cuba and would consider visiting the island. That remark got Iglesias banned for several years from all but one of the city's Latin music stations. (The station that kept playing his music received bomb threats as thanks.)

Lots of people in South Florida complain about the Cuban stations, but few have done anything about them. In 15 years, only four libel or defamation suits have been filed against the stations. The Federal Communications Commission gets scores of complaints but hasn't taken action—or even investigated them. (Curiously, none of the complaints have found their way to the FCC office that enforces the Fairness Doctrine, according to commission staffer Rod Royce.)

Miami's Cuban broadcasters wield extraordinary power, says Florida International University sociology professor Anthony P. Maingot, because they have cast themselves as victims of oppression and are therefore "virtually invulnerable" to criticism. "Through their continued intolerance for freedom of speech, however, they have been major contributors to the civil rights trap Miami is in."

Whose free speech is the one that counts? "The older Cubans in Miami have engaged in terrorism against free speech," says Michelle Ivy, executive director of the Florida American Civil Liberties Union, "and the radio stations have fanned the flames of intolerance." Yet Salvador Lew, owner of one of those stations, WRHC, says he won a victory for freedom of speech when his listeners stopped Fonda's department store appearance. "It was just like Jews would protest if someone invited the Nazis to march in Miami Beach. This reputation of being against free speech is Fidel Castro manipulating the public opinion in Miami to embarrass the exiles."

Lew and other Little Havana broadcasters insist their stations don't encourage anti-Communist violence. But they select alleged leftists for special attention and make certain the Cuban community knows precisely when and where they might be appearing. And they present talk show hosts whose political views run the gamut from Reagan to Falwell. That, they say, is simply the Cuban way.

Indeed, Latin America has different journalistic traditions from this country. There are stylistic differences—for example, using two anchors to read the news in alternating sentences. And there are philosophical differences—in Cuba, radio stations and newspapers were openly aligned with political parties or movements. "The press in Latin America is a political press," says Felix Gutiérrez, a journalism professor at the University of Southern California. Journalists south of the border are expected to report what they believe in their hearts, or they're



THE MIAMI HERALD

Pro-contra Cubans during a recent confrontation in Miami.

not leveling with the public. "What people in the United States consider to be fair and accurate reporting," says Gutiérrez, "many people in Latin America consider to be unobjective."

Gutiérrez notes that Little Havana's stations are unique among Hispanic stations in appealing to one particular Latin nationality. The reason is that the community is also unique—in its exile population (nearly one million) and its politics. Aggressively conservative and increasingly active, Cuban-Americans have tended to remain in South Florida and retain many of their traditions.

Lew, who started the first exile radio show in 1961 and became the first Cuban station owner in 1973, doesn't expect the Cuban community to dissolve into the American mainstream any time soon. The jovial 57-year-old, who speaks fluent, heavily accented English, says, "My daughter is more American than Cuban, yes, and her generation will be less militant for Cuba, but they still would like to see Castro thrown out. This is a community that speaks Spanish and will keep speaking Spanish. The Jews fought persecution for 2,000 years and still they fight for Israel. Why would Cubans stop fighting for democracy?"

'I don't hear contrasting voices on Cuban Radio. Its goal is only to push this community into an anti-Communist frenzy.'

The community's cohesion helps support its Latin-owned business boom, which includes 60 car dealerships and 29 banks with deposits of about \$4 billion. The community also boasts of two TV stations, two newspapers and seven radio stations, all Spanish-language, which together take in more than \$50 million in ad revenues.

The radio stations routinely flex their muscles. They hold radiothons to raise money for Nicaraguan contras, but they also go all out for Colombian volcano victims and other nonpolitical causes, collecting tens of thousands of \$5 and \$10 contributions in a matter of hours. At the WRHC studios, Salvador Lew keeps stacks of cards representing 80,000 members of his station's listeners' club, another Cuban radio tradition. "This is just like what *Cadena Azul* [Cuba's old Blue Network] had," Lew says proudly. "Our programming is just like the old Cuban radio stations, except that those stations did not have to represent exiles whose relatives are in prison and whose brothers were shot by Castro." People don't quickly forget those kinds of experiences—leaving Miami to wrestle with its cultural clash on the airwaves for quite a while to come. ●

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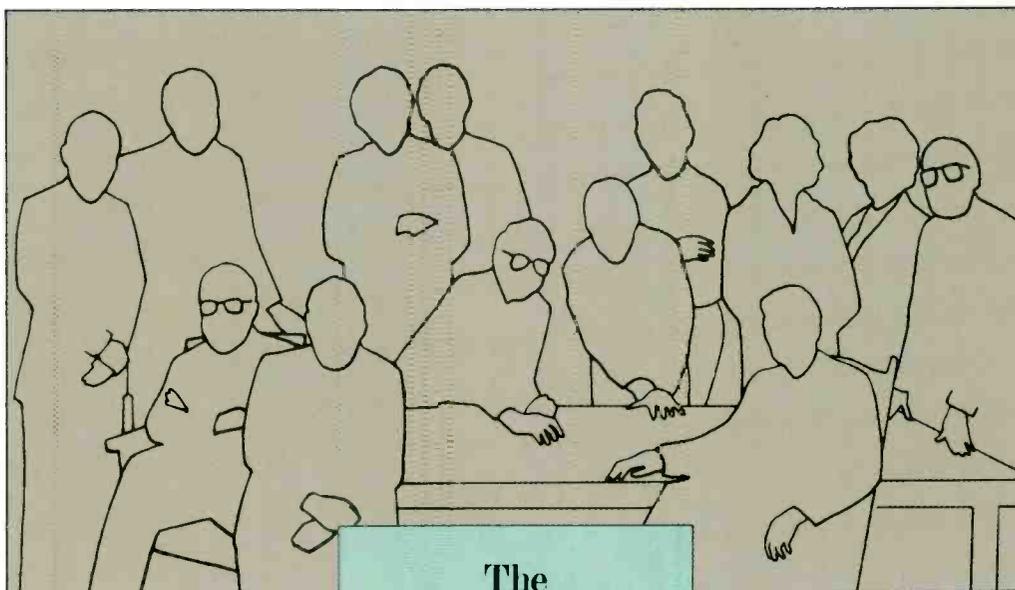
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Late Night with David Letterman

CBS Sunday Morning

Jay Sandrich

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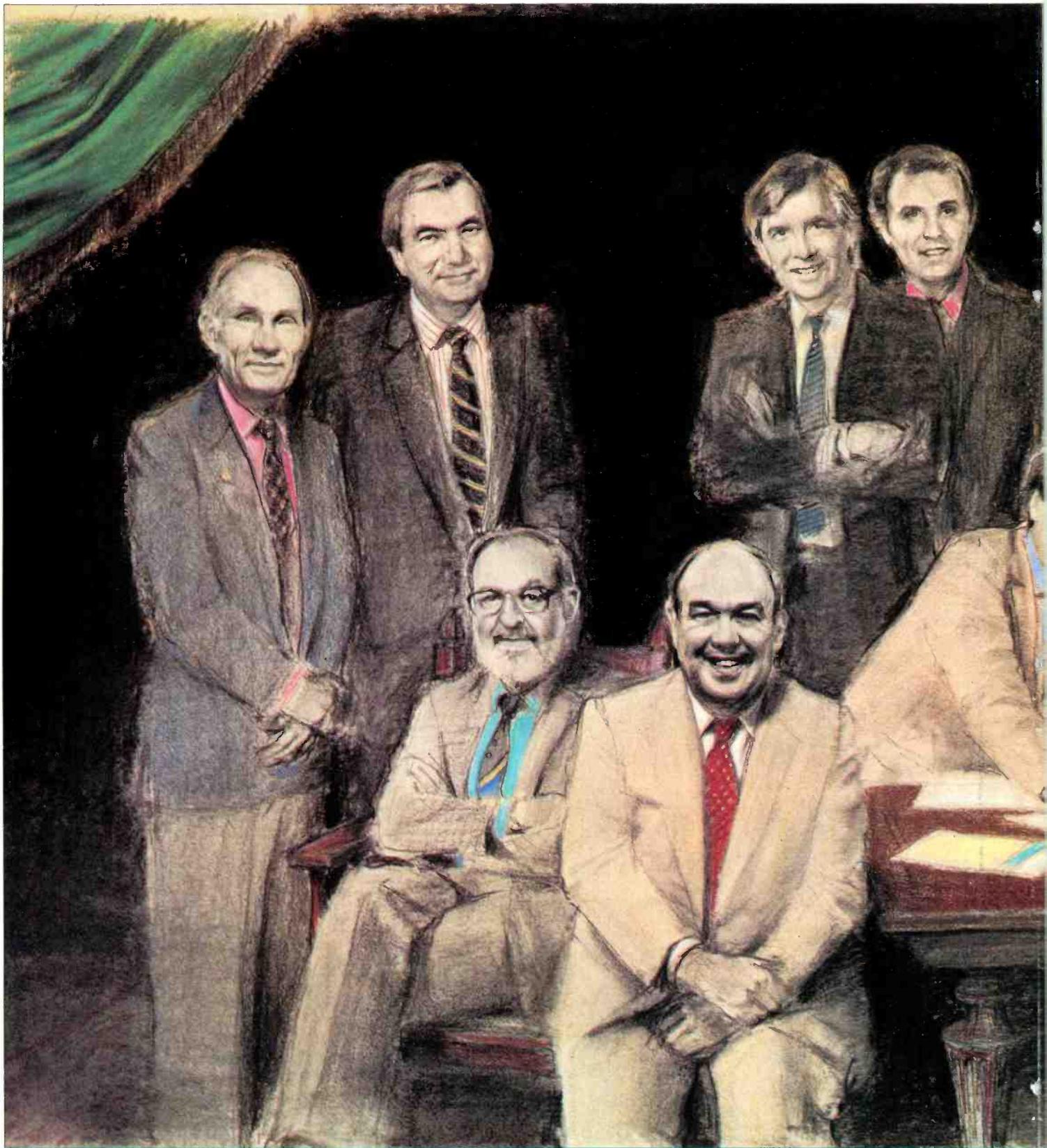
William H. Kling

Group W Television

1986." What they all have in common is freedom and a maverick spirit.

David Letterman's writers and the journalists of *CBS Sunday Morning* are free to be as good as they wish because they operate outside ratings competition. Jay Sandrich is free to choose the shows he will direct, and *Cagney & Lacey* has earned its freedom to defy conventionality by being, against the odds, popular. Bill Kling, public radio's maverick from Minnesota, is a true free-enterpriser in a nonprofit field. Continental Cablevision has the freedom of a privately held company, and Group W maintains its tradition of community service because Westinghouse's management permits it that liberty.

We present here, with admiration, The Class of 1986, seven stories of true excellence.

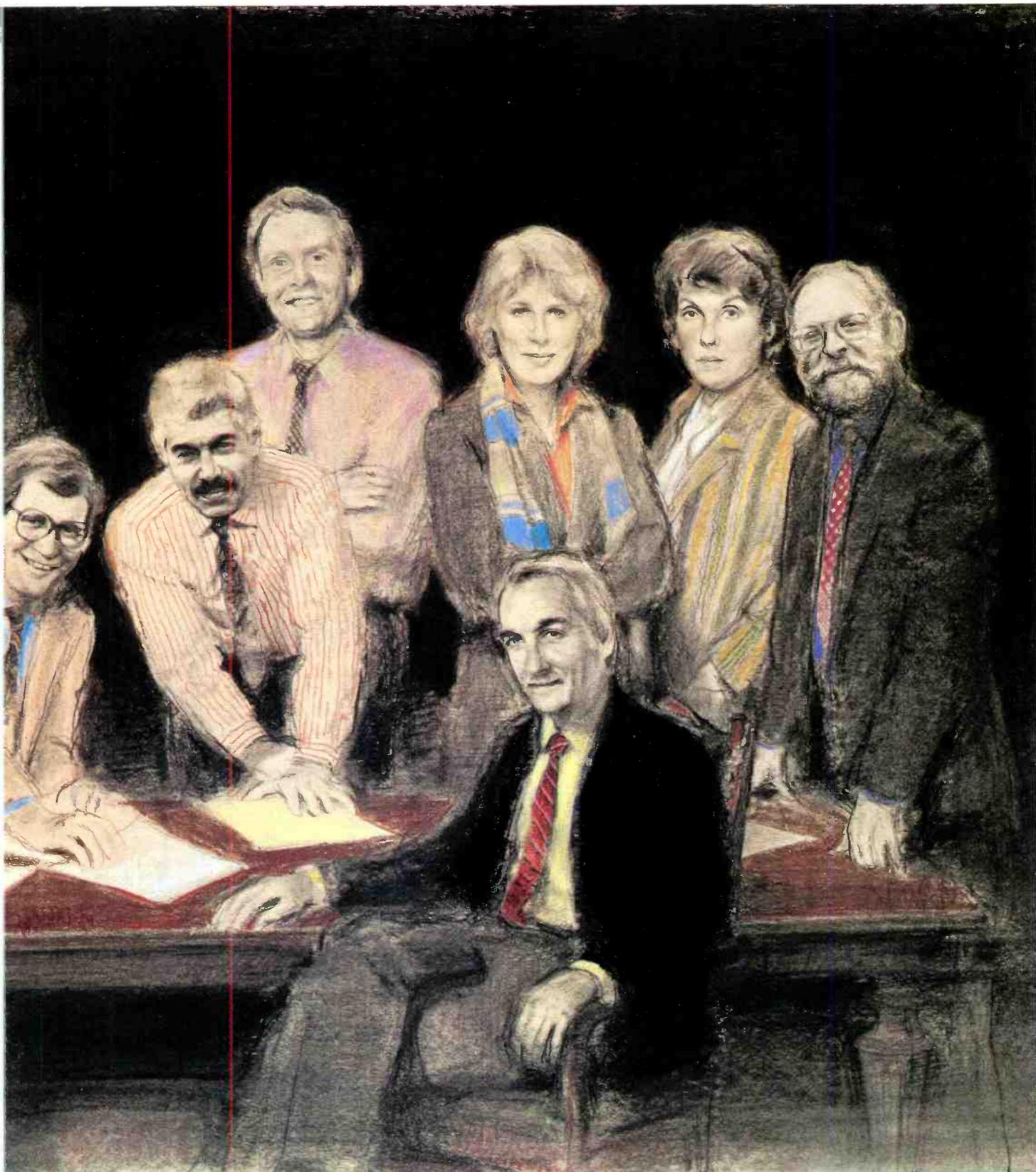


DANIEL RICHIE,
THOMAS GOODGAME
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ROBERT ("SHAD")
NORTHSHIELD,
CHARLES KURALT
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HOSTETTER
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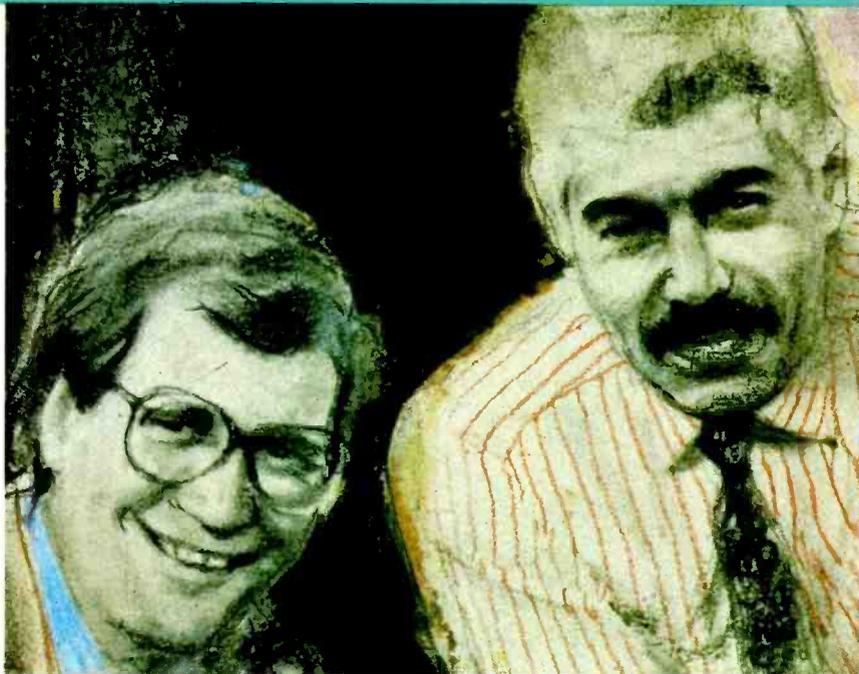
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**DAVID LETTERMAN,
BARRY SAND,
STEVE O'DONNELL**
*Late Night with
David Letterman*

JAY SANDRICH
situation comedy
director

**SHARON GLESS,
TYNE DALEY,
BARNEY ROSENZWEIG**
Cagney & Lacey



The Letterman Gang: TV's Sane Asylum

David Letterman's writers have won him a loyal following after midnight, putting life in a dead time period **by James Traub**

No! No!! NO!! What a jerk! WHAT A JERK! No! Nooo!!!!"
Yes. David Letterman, the irrepressible, irresistible anarcho-prankster of late-night television, has just persuaded a waiter to immerse first his shiny black shoes and then everything else up to the neck in a restaurant fountain. By telephone. From a window eight floors above the fountain. In front of three nice ladies from Long Island and three and a half million viewers, including a group of his own writers who still cannot believe, even after 700 evenings, the depths to which their guileless, eerily

.....
Contributing editor James Traub's last article for Channels was about television in India.

persuasive boss can induce mentally sound individuals to sink. *Late Night with David Letterman* is television's wish-fulfillment dream come to life, its alter ego, its boorish, goofball houseguest—the antidote to its unbearable decorum. The show should be included in the surgeon general's minimum daily recommended allowance of television.

It's also a hit, sort of, an icon of youth culture in mid-bloom. Last year the show won two Emmys and this year its host, who has recently appeared on the covers of both *People* and *Newsweek*, will be further introduced to prime time America when he co-emcees the awards. *Late Night* has swoony demographics: At last count 68 percent of its viewers fell in the supremely desirable 18-to-49 age group. The Carsonian line of succession leads

directly to the gap-toothed guy with the scallop of hair draped over his forehead, the friendly neighborhood comic who looks like Gary Hart without the presidential makeup.

It makes you feel good about television that a complicated, self-conscious character with an original wit can make a show after his own nature and succeed. *Late Night* seems to have gained a following precisely because of the uncompromising standards and the lack of condescension of its host and his crew of writers. Big-Time Television is ready to lock *Late Night* in its boozy embrace. It's amazing; it's frightening. Fame could lobotomize *Late Night* by degrees. It's happened before: Think of *Saturday Night Live*. *Late Night* could subtly merge with the thing it travesties, and Letterman and his squad of laughsmiths know it. Already they seem nostalgic for the good old days of mass neglect. "Somehow," says Steve O'Donnell, *Late Night's* head writer, "the show seemed funnier when there were just a certain number of people who knew where to find it and turned it on, kind of like when you know there's a card game going on in the firehouse and you drop by."

The average *Late Night* episode feels less like a card game than, say, a slumber party that threatens to get out of hand because Mom and Dad aren't home; it's a wave of id surging through the walls of the TV superego. Here's

THE CLASS OF '86

Dave dropping a bowling ball off the roof. Feels good, doesn't it? What would you like to see mashed under a road roller? A styrofoam cooler filled with beer? You got it. What do you say we just walk off the set? The studio walls separate TV, neat and natty, from the unruly and unpredictable world. *Late Night* breaches those walls almost daily, but it still produces a delicious, naughty shock each time. There goes Dave off the set, taking along the general manager of the NBC affiliate in Fargo, N.D., who happened to be in the audience. As they sail out, Dave hands over the show to bandleader Paul Shaffer. Several minutes later we catch up with our guide threading through the offices of NBC Radio. Dave reaches the window overlooking the American Festival Cafe and gets a phone call through to the table of nice ladies. He chats amiably, aimlessly, and the minutes tick by, as if Dave were killing time in a telethon. And then suddenly, at Letterman's behest, the waiter goes for a dip in the Rockefeller Center fountain. Bingo!

Is there a moral here, a "point" about television or even *Life Today*? Not exactly. Didacticism is too heavy for the light 'n' lively 1980s. Letterman and the laughsmiths just want to have fun. When Letterman interviews guests, which he seems to do reluctantly, he doesn't go for issues, or even insights. He just plays it for laughs. When they appear as guests on the show, Tom Selleck and even Ted Koppel do comedy—or nothing at all. "If you learn anything on the show," says producer Barry Sand, "we've made a terrible mistake."

Late Night isn't satire. Let's call it instead Television of the Absurd—Pirandellian television. Letterman likes to inflate something—a volleyball, say—until it blows up. You can watch him do the same thing to the loopy conventions and tapped-out clichés of the medium. "Folks," says Dave, as solemn as John Cameron Swayze, "it's broadcast history"—and out comes *The Late Night Monkey-Cam*, a tiny camera strapped to the head of Zippy the monkey. "NBC will be using the *Monkey-Cam* for the 1988 Olympics,"

None of
Late Night's writers
comes out of television,
and that helps
account for its success.



ALAN SINGER, NBC PHOTO

Submersible: Letterman preparing for a dive into 1,000 quarts of onion dip.

announces Dave, as Zippy clammers up a rope, hangs upside down and shows us, as the monitors switch, the wildly swinging view from the *Monkey-Cam*. As Zippy bounds from rope to stage to chair, Dave labors halfheartedly to go on with the show. It won't work. Dave is trying to talk with Dr. Ruth Westheimer about her favorite subject, intercourse, which is hard for him to do with a straight face under the best of circumstances. Dr. Ruth is maybe a bit too Television. Anyway, the Viennese go-go clinician is getting increasingly steamed as Dave interviews Zippy instead of her. "It was a pointed and focused piece about vanity," says Randy Cohen, the writer who concocted the conceit. "And when Dr. Ruth said, 'Don't look at the monkey, David, look at me!' I thought 'Ta-da!' It was so thrilling."

Of many such little triumphs is a successful *Late Night* episode made. The show depends to an extraordinary degree on the imagination of the writers, in part because the guests themselves are largely props. The writers function as an extension of the host. "It's eleven guys and one woman who share Dave's sensibility to some degree," as O'Donnell puts it. Letterman, 39, comes from the great TV-talk-show-host spawning grounds of the Midwest. Like his idol, Johnny Carson, he seems to have been formed by Providence for TV hosting—a strange and wonderful instance of predestination.

Most of *Late Night*'s writers are even younger than Letterman, and none of them comes out of television, which helps account for the skew lines along which the show moves. O'Donnell wrote funny greeting cards, acted in commercials and ran the public relations office of the Museum of Broadcasting. Randy Cohen wrote magazine articles. Joe Toplyn, who cooked up the window-over-the-restaurant stunt, prepped for the *Humor Biz* at Harvard Business School, General Foods and Columbia Pictures.

Toplyn, O'Donnell and three other members of the crew wrote for *The Harvard Lampoon*, the absolute last word in irony, high camp, dubious taste and premature world-weariness.

Unchecked, the *Lampoon* mentality can, and sometimes does, lead down the low and pitiless road of mocking semi-literate immigrants and other uncool folk. But Letterman's own modesty and down-to-earth values normally preclude mean-spirited humor. Where the Letterman and *Lampoon* sensibilities coincide is on a flair for ironic deflation and the



Says writer Randy Cohen: "If it's too 'pretend,' we don't do it."

deadpan send-up, and an acute, Waspy embarrassment at humor on a *shtick*. "There's no more derogatory term around here," says Cohen, than "'it's too pretend.' If it strikes Dave as 'too pretend,' you don't do it."

"Too pretend" means that Letterman won't ever ask the audience to suspend its disbelief. But he loves the absurd premise and especially the absurd prop, so long as they're overtly absurd. The ridiculous, jerry-built prop enjoys pride of place at *Late Night*, especially if it makes a mess; this is TV-as-id in its purest form. One recent show included a "whirling bowl of chili," a pyramid of champagne glasses and a "Tahitian village"—a painted papier-mâché construction on which Letterman demonstrated, with a fire extinguisher, the devastating effects of "a tropical disturbance." The show has its own design staff to construct some of the props; others just have to be located. O'Donnell claims that he spends much of his time "trying to track down a five-gallon barrel of red ants."

But the real hard work of writing for Letterman is dreaming up the subversive conceits: Dave interviews Jane Pauley in dental chairs, Dave tries to present flowers to NBC's new bosses at GE and so on. The trick here is to give plenty of scope to

Fame could lobotomize Late Night by degrees, and Letterman knows it.

Letterman's gift for skating along the edge of chaos. The writers don't actually write scripts; they develop premises. Letterman's waiter-in-the-fountain inspiration, for example, began when a writer at a semi-desperate meeting mentioned the Rockefeller Center window overlooking the restaurant. After scoping out the window, Toplyn suggested that Letterman try to order dinner by phone. Letterman approved the idea, and Toplyn developed a set of possible premises. Letterman then took the original idea and improvised from there, inventing the baptism on the spot. It was a triumph of free association, persistence and instinct. "David," says producer Barry Sand, "has perfect instincts."

"You can *feel* the magic," Letterman likes to say, tightening his broad mouth in a send-up of unseemly enthusiasm. But sometimes, when the show is firing on all cylinders, you *can* feel the magic. One warm day last November Letterman announced that since the RCA building's air conditioning had stopped functioning, it was too hot to do a show. Instead he and the staff would just hang around their fourteenth-floor offices and do the show from there. His guests, Teri Garr and Richard Lewis, along with Lewis' mother, sat on a couch in a corridor. And the show proceeded, Letterman loping along the halls in sweatpants and jersey, barging in on staff members, reading and rejecting jokes that he would have read had there been

a "normal" show. A dozen pizzas were delivered, and Letterman interviewed the delivery men and introduced them to his guests. At one point a confused Mrs. Lewis asked, "Am I an audience or a real person?" It was a fair question, since the guests had become part of the audience. TV of the Absurd couldn't be taken much further than this: A show about not doing a show. It was a piece of pure invention—the air conditioning was just fine, of course—which exposed the entire apparatus of television, the smoke and mirrors.

And it ended with a celebrity submitting to Letterman's warped blandishments. From the outset of the show, Letterman tried to badger Garr into taking a shower in the bathroom attached to his office—a moment of inconceivable TV wish-fulfillment. First she refused, then she wavered, then, finally, at the very end of the show, she caved in. Somehow, they always cave in. Possibly Letterman's victims can't really believe they're on the air, as if *Late Night* were television's first home movie. And so, with a minute left on the show, Teri Garr found herself standing behind a



Writer Joe Toplyn prepped for Late Night at the Harvard Business School and General Foods.

frosted glass door, wrapped in a towel. The credits were rolling, and Garr, coming to her senses, was wailing. "Oh, no. No! I can't! I don't have my underpants on!"

"Just turn on the shower!" yells the anarcho-prankster. She turns on the shower. "YEAH!!!"

From inside the shower comes a plaintive moan. "I hate you. Why am I doing this?"

Because, Teri Garr, you're making broadcast history. ●

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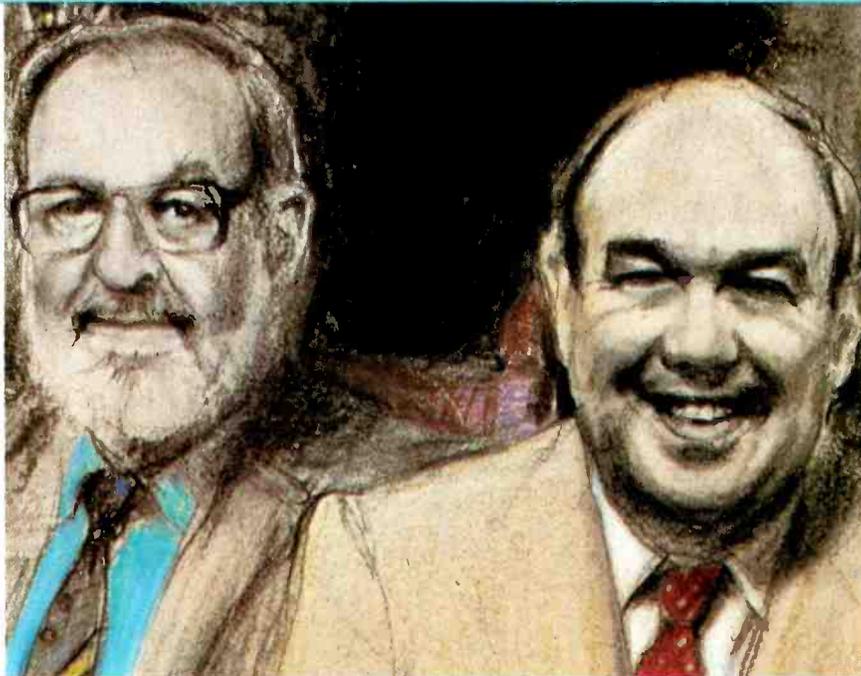
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EXCELLENCE



CBS Sunday Morning: Free to Be Smart

Journalistic outcasts turned the show into a winner, bringing honor to a network whose gratitude wasn't boundless **by John Carman**

When CBS News was forced last July to drop 70 more staffers in the company's new wave of cutbacks, the *Evening News* and *60 Minutes* were spared. But the ax fell hard at *Sunday Morning*, whose editorial staff of 38 was reduced by five. Gone were George Herman, a distinguished correspondent whose career dates back to the Murrow era, and Heywood Hale Broun, a stylist who had stirred literary flavorings into his coverage of sports and culture. Among those lost behind the screen was executive producer E.S. (Bud) Lamoreaux III, a CBS veteran of 28 years.

.....
John Carman is the television critic for the San Francisco Chronicle.

A few weeks later, CBS vice president Howard Stringer disputed the characterization that CBS News was "a shambles" after it had thrown in the towel on the daily two-hour *CBS Morning News*. He told *The Washington Post*: "We still have the *Evening News*, which is better than ever, and *60 Minutes*, which is as brilliant as ever, and *West 57th Street*, which has just been picked up. Does that sound like a shambles?"

But, typically, Stringer made no mention of *Sunday Morning*.

Around the *Sunday Morning* offices, 11 floors above a Lincoln-Mercury showroom on Manhattan's West 57th Street, the staff made doleful comments about the injustice of it all. And yet there was something oddly appropriate about the program's being remembered for cuts and forgotten for

praise by the company management. Parental indifference and a talent drain have dogged *Sunday Morning* from the time it went on the air in January 1979. Such neglect has been a way of life for a program that is clearly the stepchild of CBS News, left to fend for itself in the Siberia of the network schedule—that time period when viewers are most apt to be asleep or in church.

Oddly, this has always worked in the program's favor. In management's absorption with bigger shows, the misfits, nonconformists and old-timers who were banished by CBS to *Sunday Morning* were left free to do their best work. And by every measure—including the commercial one—they've done it with notable success.

Sunday Morning is the very model of an excellent news-based program: calm, literate and journalistically thorough, with a cohesive style and a kind of friendliness. It is, moreover, one of the few remaining links to the old CBS and NBC news traditions, which held the story more important than the ratings and counted culture, ideas and natural science as part of journalism's charter.

The public face of *Sunday Morning* is the balding, pudgy, universally likable Charles Kuralt, a newsman of the first rank who for 29 years legged stories for CBS News and became a certified television star, reporting from around the country in his "On the Road" series

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for the evening newscast. He has proved to be perfect casting in a program tailored for the particular rhythms of Sunday morning, one that has a penchant for telling the big, domestic story—poverty, farm problems, the drug menace—through stories about the people directly involved.

But if Kuralt is the heart of the program, its soul is Robert (Shad) Northshield, the gray-bearded senior executive producer who founded *Sunday Morning* and infused it with his sensibility. At 64, he has just signed a contract for four more years—one positive sign that CBS management is not wholly oblivious to a show that has a staunch, upscale following and throws off a few million a year in profits besides.

Northshield is the key decision-maker on *Sunday Morning*. The adornments on his office walls—mostly color photos of birds and other wildlife—bespeak his influence on the program's end pieces, evocative small documentaries on the fauna of the American landscape. But it is he who shapes the entire program.

Northshield was on a losing streak when he joined CBS in 1977. He had been executive producer of the *Huntley-Brinkley Report* for five years and produced a raft of documentaries for NBC, including *And Who Shall Feed This World?* and *Suffer the Little Children*, when the network cut him adrift after 18 years. He credits Robert Wussler, then president of the CBS network, with saving his career. Wussler hired him and sheltered him from a news division shake-up. Then, while he was stitching together a documentary in Washington, D.C., Northshield was called to a sudden meeting in New York at the home of the president-designate of CBS News, Bill Leonard.

"We sat in his kitchen on a Saturday morning," Northshield recalls. "I had checked beforehand and asked some people what the hell he wanted to see me about. So I knew he was going to talk about a Sunday morning news show. I thought that was the silliest idea I ever heard of.

"He said he wanted a show like the Sunday edition of a newspaper; it

Sunday
Morning is one
of the few
remaining links to
the old CBS
news tradition.



would have emphasis on things other shows didn't have time for. It was all his idea, and it sounded pretty good. He demanded just two things. He said, 'One is that it be noted for the excellence of its writing, and the second is that it have a television critic who really criticizes television, including our own network.' "

The new show was intended to solve a serious problem at CBS. The network had been devoting its Sunday morning time period to three long-running, nonprofit programs—the culturally attuned *Camera Three* and two religious shows, *Look Up and Live* and *Lamp Unto My Feet*. But affiliate support for these unsponsored programs was waning as local stations had found a new source of income in selling that airtime to the growing number of television evangelists. *Sunday Morning* was created in hopes of reclaiming this 90-minute time slot for CBS.

Later, Northshield's mandate was expanded to include a revision of CBS' long-troubled morning news show on weekdays. Leonard phoned from a meeting in Honolulu to say, "This is what we have in mind—Charles Kuralt for one of them and Bob Schieffer for

the other." Northshield asked which correspondent for which show. Kuralt for Sunday and Schieffer for the daily show, Leonard said.

"I had to have lunch with Kuralt and talk him into it," Northshield says, "because with 'On the Road' he had this existence of absolute independence, doing whatever he wanted to do. We drank some Calvados, a couple of them after lunch, and in his painless state Kuralt said, 'I guess I better do it, eh?' "

A few days later, as Northshield tells it, Richard Threlkeld, who had just gotten bumped from the *Morning News*, asked him to have dinner. He feared Threlkeld would pitch for the job he'd just given Kuralt, but instead the correspondent handed him an envelope proposing an idea for the new Sunday show—a weekly cover story. "It was such a great idea," Northshield says. "Threlkeld invented the *Sunday Morning* cover story and perfected it. He did about 49 of the first 52. I don't know how he did it."

Sunday Morning premiered January 28, 1979. The first show, according to Northshield, was almost identical in format to the current program. The distinctive writing was there. Kuralt, a onetime newspaperman in his native North Carolina, knows his way around a typewriter keyboard. But the choice was right for another reason as well. Kuralt's unthreatening appearance and relaxed delivery are Sunday morning. His manner suggests honey and biscuits and stray sections of the paper scattered on the couch.

The Kuralt style of writing and delivery is especially well suited for the end pieces, which connect the program's nearly 6 million viewers to the timeless symmetry of the natural world. A typical one, brilliant in its simplicity, begins: "This has happened every year from the dawn of time. Between the full moon of May and full moon of June, millions of horseshoe crabs follow a prehistoric instinct and mass on the beaches of Delaware Bay to spawn. Then they leave. And following *their* instinct, millions of shorebirds arrive to feast on the crab eggs. The wonder is that the horseshoe crab survives. Nature works it out. The shorebirds get most of the eggs,

EXCELLENCE

but not all of them.”

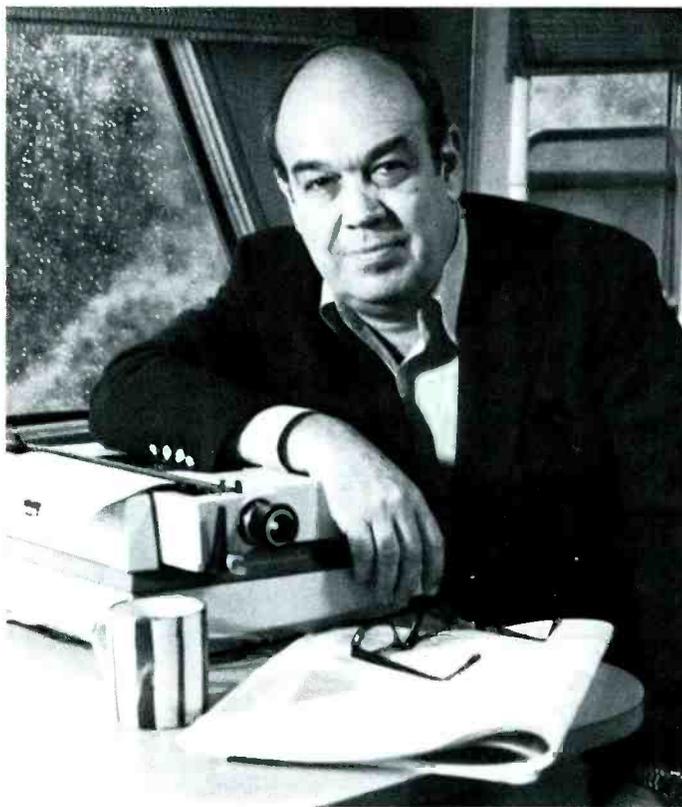
For the first broadcast in 1979, Northshield found a TV critic in Jeff Greenfield. The end piece was added to the program a month later, and *Sunday Morning* was in stride. The weekday show wasn't so fortunate. It premiered on January 29 with Schieffer. Still limited to a single hour of news, it wasn't ready to compete on even terms with *Good Morning, America* and *Today*, and it flopped under Northshield.

Sunday Morning faced less fearsome competition, which is another reason that it was free to be as good as it wanted to be. Besides, its mandate was singular. Northshield took the Sunday newspaper analogy to include news coverage of the best of American culture—an embarrassing void in network news. *Sunday Morning* consistently reports on the best in human artistic achievement with characteristic grace and style.

Northshield describes his original *Sunday Morning* producing staff as being like the “dirty dozen.” “We'd all had terrible failures. We were about to be fired or were on our butts. Here were people who didn't have anything to lose, who were being encouraged to be experimental, working with this superstar of a guy, Kuralt, who may for all I know be a genius. We all wanted it to work. We were all feeling lucky to be alive.”

Northshield quickly exploited an asset within CBS News. He opened *Sunday Morning* to older correspondents who'd been warming the celebrated bench, Robert Pierpoint and George Herman among them. On other CBS News shows, Northshield says—without mentioning the Rather newscast directly—“there's an emphasis on young, good-looking correspondents. So the older guys were available to us. These are people who still think about writing and about getting it right. That's nearly a lost art in television.”

Drawing from its pool of talent, *Sunday Morning* has been able to replenish its losses. Threlkeld, Greenfield and Ray Gandolf were “major talents who got showcased on *Sunday Morning*, and that was all that was needed to put them in demand,”



On the Road: Charles Kuralt's relaxed, folksy style and unthreatening appearance not only make the show work, they are *Sunday Morning*.

CBS PHOTO

These are people who still care about culture and writing—nearly a lost art in television.

says Northshield. All were hired away for higher profile jobs at ABC. But interestingly, CBS News, which might have fought with its checkbook to keep key people on the *Evening News* from getting away, made almost no effort to stem the brain drain at *Sunday Morning*.

Since Threlkeld, CBS' David Culhane has become a principal contributor of the cover stories. Greenfield

was replaced by Ron Powers, who had won a Pulitzer Prize for television criticism at the *Chicago Sun-Times*. Northshield is confident that the program will not suffer greatly from the latest rash of personnel cuts. “The philosophy of the program won't change, and Kuralt is still the guy you'll see on the air,” he says.

For many viewers the program has become a Sunday morning ritual, and the devoted want no deviation from the routine. When Pope John Paul II returned to Poland for the first time as pontiff, Northshield decided to dispense with the usual end piece that week and close with a live shot of the Pope presiding over mass for two million of his countrymen.

“It was an absolutely fabulous shot, very moving,” Northshield remembers. “But we got letters saying, ‘Don't ever do that again.’ One woman said, ‘I am an ardent Catholic and I love our Holy Father, but I want my birds. That's my piece. Those are my birds.’”

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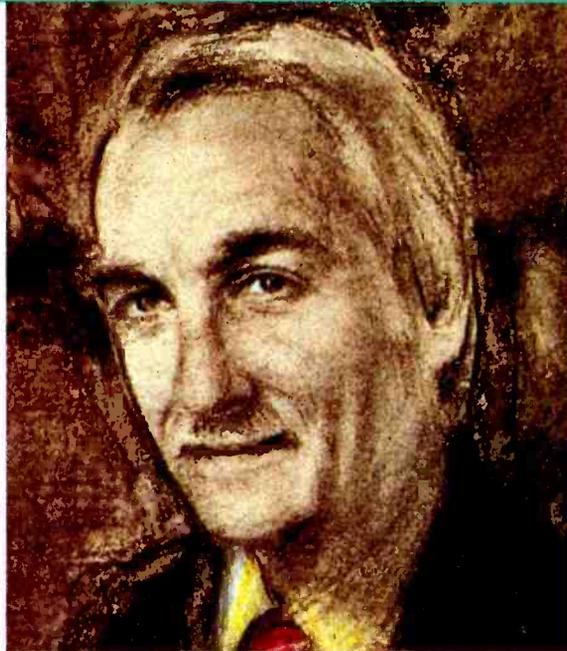
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Jay Sandrich: Ace of Pilots

He's a rare one: a thinking man's director with real clout. For Bill Cosby's producers, he was the only choice **by Andy Meisler**

Jay Sandrich is firmly ensconced at the top of his profession. Just how firmly, you ask? Suffice it to say that, when intercepted in mid-June of 1986, he hadn't worked in quite some time. And, as Maxwell Smart—a character Sandrich knows intimately—might say, he's *loving* it.

"We've been off since April," said the trim, relaxed, 54-year-old Sandrich, smiling into the summer sun in an open-air Marina del Rey restaurant. For the preeminent director of situation comedies, working on his tan and reading had high priority. Reading scripts and hustling for assignments—constant preoccupations for most

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Andy Meisler last wrote for Channels about Hollywood's runaway production scare.

TV directors—were getting no priority at all.

"At this point in my career, I can do anything I want," says Sandrich, just stating the facts. There's a bull market these days for Sandrich's specialty: humanistic comedies with laughs and insight enough to attract literate adults as well as their children. "He is the best," says Ed Weinberger, producer of *Taxi* and the new NBC sitcom *Amen*. "He's the first guy I call—when I can afford him."

Many producers do call, but few if any are getting through. For the past two years, Sandrich has locked himself into NBC's megahit *The Cosby Show*; he shot the pilot and every episode since and will ease back only slightly this season, to two episodes out of three. It's almost inevitable that Sandrich is at the controls of this

decade's highest-quality sitcom. During the 1970s, he directed the bulk of *The Mary Tyler Moore Show*. He directed the pilots for *The Bob Newhart Show*, *Soap* and *WKRP in Cincinnati*. He worked on the 1969 *Bill Cosby Show* and *The Odd Couple*, set the tone for noble failures like *The Tony Randall Show*, *He & She* and *It Takes Two*, and is currently represented by *The Golden Girls*, for which he did the pilot, and *Night Court*, whose first two episodes bear his mark. His services are so valued in the making of pilots that, according to one authoritative source, he commands about \$100,000—four times the norm for a director.

In half-hour comedy, an art form dominated by writers and producers and filled with mindless nonsense, he is that rarest of people: a thinking man's director with real clout. "Jay Sandrich was our first and only choice," says Tom Werner, *The Cosby Show's* co-executive producer. "Although we're really all here to service Bill Cosby's vision, the show is stronger because Jay challenges Bill and pushes him when appropriate. My most vivid recollection is of everybody sitting around the table, going over a script, and Bill asking: 'So, in Jay's words—what's this episode about?' What he meant was that *certainly* the show was funny, but that Jay—like Bill—is dogged in his determination to give the show real meaning."

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Sandrich was brought up in Beverly Hills, son of Mark Sandrich, director of the Astaire-Rogers classic *Top Hat* and other musicals, and he loves the life in the coastal community of Venice (just south of Santa Monica). But for *Cosby*'s nine-month production period, he moves to an apartment in Manhattan (which he politely loathes) and is chauffeured to the studio in Brooklyn daily. Every Monday, the cast and creative staff dissect the week's script. "Anybody can say what he or she thinks about the script," says Sandrich. "Number one, Bill has to be pleased. Number two, I have to be pleased. I've always felt that my thoughts are given full weight. Bill will not always agree with them, he won't always use them, but he'll always listen."

Tuesday morning, the writers come back with a rewritten script. For two days, Sandrich blocks out both the actors and his cameras, incorporating script changes as they come in. "On Thursday, Show Day, we start about 10:30 and rehearse until 1 P.M.," says the director. "We tape the dress rehearsal around 4:30, and it's usually a technical disaster—but it's the first time Bill's done the material in front of an audience, and sometimes we get absolute gems." Sandrich calls the shots from his booth. "After the first taping I give acting and technical notes to the cast and crew. Bill doesn't get the same kind of notes; he gets . . . thoughts. At 8:30 we tape the show, and I'll do pickup shots as I go along. I'm usually finished by 10."

"The next day, Friday, I'll sit down with the editors and go through every shot. I'll tell them, 'This shot from dress, this shot from air, this shot from pickup in dress,' etc. We go over the show, cut by cut, trying to use the best lines that work. Big laughs aren't always what we're looking for. There've been some big, big laughs from the audience that I didn't use because they didn't fit the scene—or they were slightly out of character."

Sandrich says his star has never criticized or changed his editing decisions, has never even looked at an episode before air date. And *Cosby* often places his trust in Sandrich's editing judgment by improvising on the set. Sometimes segments from

different takes don't match perfectly and bad cuts result. "I'm not always proud of the technical end, but I'm always proud of the finished product, and that's what matters," Sandrich says.

Colleagues say the product reflects Sandrich's brilliant technique, combined with a feisty independence, a refusal to rely on formulaic comedy and an unmatched ability to get the most out of—and stand up for—the talents of comic actors.

"I think it was Jay who first made an art form of three-camera film," says Allan Burns, speaking of an earlier variant (still used) of sitcom production. Burns, executive producer

His résumé, almost schlock-free, includes pilots for *Soap*, *The Odd Couple*, *Golden Girls* and the bulk of *Mary Tyler Moore*.

of *The Mary Tyler Moore Show* and *Rhoda*, first worked with Sandrich in the mid-'60s. "Before he came along, three-camera directors were basically journeymen who would come in and move the actors around while the cameras were static. It was pretty terrible. Jay wanted closer close-ups and better masters and more interesting compositions. Now everyone else uses his technique, but he was the first."

"I remember it was very difficult to learn the technical stuff from Jay," says James Burrows, a Sandrich protégé who directs and produces NBC's *Cheers*. "Lesser directors would work out the cameras, one at a time, and write them down on scripts. Jay would read a couple of pages and then he'd have it all figured out in his head—like playing chess several moves ahead. What Jay really taught me was

to contribute. He was the first director I saw who would talk back to the writers. He would try things, he would be adventurous."

Several colleagues say Sandrich moved *Soap* into new territory by refusing to shoot a script as written. Twice in the first season, Katherine Helmond's character learned her husband was cheating on her. The first time she swallowed his alibis. Then, two episodes later, the script had her buying them again. Sandrich argued that Helmond's character had grown too much to react that way. Producer Susan Harris agreed, and the rewritten scene, more serious than comic, had the character walking out on her husband.

Allan Burns remembers how Sandrich's contributions saved a key ingredient of *The Mary Tyler Moore Show*. "I think it was really Jay who made Ed Asner as a comic actor," says Burns. Before production began CBS executives were saying Asner was plodding and wanted him dropped. "But Jay said, 'Don't worry about it. He's got it, and it's up to me to get it from him.' Ed's scene, which we used in the first show, was the one where Mary comes to him for a job and he says, 'You've got spunk. I hate spunk.' I'm still proud of that scene."

Asner himself remembers Sandrich from their first meeting as "a cocky son of a bitch—abrasive." But, of course, the cockiness and abrasiveness—which Sandrich used to turn Asner into the comically snarling Lou Grant—was for Asner's own good. "One show with Jay just seemed to lead into another," says Asner, "and before I knew it we were firm, fast friends." Their meeting was, as they say in sitcomland, a true "Awww" moment.

At one point, years before, Sandrich had been offered a chance to take another career path—following the customary film-industry progression from assistant director to producer. "Leonard Stern made me associate producer on the *Get Smart* pilot," says Sandrich, "and when it sold, he made me a producer. But I really didn't like producing. I liked being on the stage. I found that, as a producer, I'd stay up until four in the morning worrying about everything. As a director, I slept at night." ●



Cagney & Lacey: No Copping Out

In TV's human-interest cop show, the cops—not the criminals—provide the interest **by William A. Henry III**

Critics normally have about as much influence on TV programming as do the phases of the moon. But *Cagney & Lacey*, arguably the most innovative cop show in the history of television, owes much of both its genesis and its resurrection to critics. When the show started life in 1974, as a proposal for a theatrical film, it was half-jokingly called *Newman & Redford*. The title, a sly reference to the stars of *The Sting* and *Butch Cassidy and the Sundance Kid*, conveyed the notion of a female “buddy” picture. The idea had been

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Pulitzer Prize-winning critic William A. Henry III, a contributing editor of Channels, reviews drama for Time magazine.

prompted by film critic Molly Haskell's observation, in her book *From Reverence to Rape*, that there had never been one. When the much-transformed proposal eventually became a television series almost a decade later, it won raves and a loyal following but drew insufficient ratings and was dropped. The tub-thumping of critics—which spurred the letter-writing of lovelorn viewers—helped bring it back.

During its dozen-year odyssey, the one steady presence has been executive producer Barney Rosenzweig, who says, “It began as a one-joke idea. I never thought it would go on to have this importance.” He has persisted in doing the show exactly his way. *Cagney & Lacey* is a human interest cop show—and one in which the cops, not the criminals, provide the

interest. The narrative rarely depends on mystery or suspense, and Rosenzweig insists that the audience never learns anything the central characters don't know. The show is devised to deal with cancer or drug abuse or abortion or the sexual needs of the handicapped just as much as with street crime and gore. But there is more than a hint that traditionally feminine values of attentiveness and caring have a place in any crisis.

Every great police show—indeed, arguably every great TV series of whatever kind—has in some way stretched the boundaries of the form, whether it was *Dragnet* relying on a pseudo-casebook approach or *The Untouchables* recounting actual cases, *Kojak* mocking the very masculinity it celebrated or *Police Woman* taking the classic female-in-peril device and making that lady the protagonist, not some passive pawn. Two of the most creative redefinitions of the cop show are playing now, the quasi-documentary, deliberately disorderly narratives of *Hill Street Blues* and the slickly perfect, high-style fantasies of *Miami Vice*. What makes *Cagney & Lacey* different from all of these is that it forgoes a great deal of violence and car-chasing to emphasize interaction between the lead characters. And, because women are seen by our society as more bonded to home and family, only *Cagney &*

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Lacey often structures itself around concerns apart from work. No other cop show, for instance, would build a whole show around a lead cop's yearning for children or her partner's yen for a home in the suburbs.

There is an almost schematic contrast in the title parts: Cagney (Sharon Gless) single, Lacey (Tyne Daley) married and a mother; Cagney reared upstate and in love with the bright lights of New York City, Lacey a lifelong apartment dweller in an outer borough who has wearied of noise and dirt and who yearns for a suburban house; Cagney a cop's daughter, outwardly brash but inwardly fragile, Lacey seemingly more liberal but in fact hard-boiled. The stories play off this diametric opposition, mostly to effect. But when they occasionally misfire, the show can have something of the formal contrivance of a debate.

When the year-in-the-deal-making TV-movie version aired in October 1981 and was the fourth-highest-rated program of the week, Rosenzweig recalls, "within 48 hours [CBS programming executive] Harvey Shepard had called me into his office, canceled his previous objections to a series, gave me a six-show order and said I had to be ready for a March air date. I didn't have a concept, I didn't have a cast, the writers of the original script were not available, so it was just me in the kitchen."

At first Rosenzweig and a new writing staff tried to cobble together a script from the leftovers of the theatrical and TV screenplays. While reviewing an incident involving neighborhood violence, replete with references to Ellis Island and the failure of the American Dream, he had an epiphany. "I said, 'There's something wrong here. This show is supposed to be about these two women and they're just standing there listening. Let's go out into the hall and give the scene to Cagney and Lacey.' I decided to violate a key rule of drama: always show, never tell. We always tell. The format is that Cagney and Lacey are virtually never off screen, and we find out the story by hearing them talk to each other."

Like most independent producers, Rosenzweig speaks disdainfully of

network programming executives. "From the beginning," he says, "the people at CBS were prepared to be their usual obstructive selves. But I decided that if the ship were going to sink, it would sink with my flag on it. Besides, the people at CBS didn't necessarily want me to succeed. The

Viewers were outraged after the network killed the new series for disappointing ratings. Reluctantly, CBS was forced to cancel its cancellation.

people in development, who buy the TV movies, are not the same people you make a series for. They not only don't talk to each other, they are not even in the same part of the city."

After the series debuted and drew consistently disappointing ratings, CBS canceled it, provoking outrage. Says Rosenzweig: "I don't know numbers, but I was told we beat the previous viewer-complaint champion, *Lou Grant*, by something like ten to one." The TV Academy gave CBS the ultimate left-handed compliment, awarding Daly's work in a canceled show with what turned out to be the first of three consecutive Emmys for best actress in a drama series. Reluctantly, or so it seemed, CBS canceled its cancellation. Notes Rosenzweig: "Money was tight, it was cheaper to renew us than to develop new shows."

Rumors persist of friction between the two actresses, prompted in part by Daly's hat trick of Emmys while Gless has won none, and by Daly's glaring omission of her costar among the

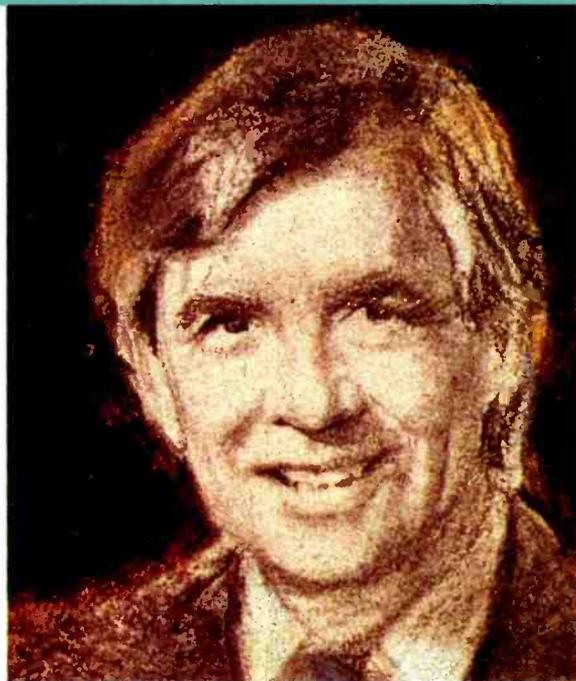
numerous people she thanked in last year's acceptance speech. Rosenzweig says, "They are very professional. They both come to us every day to talk about character stuff but they never complain that 'that bitch has more lines' or that the other character is getting all the jokes. It is very complicated talking to them because they are all wound up in their roles and you don't always know, when they tell you something, whether they are speaking about themselves or the character." Asked to compare the two, Rosenzweig says, "Daly has enormous technique, enormous experience. Sharon Gless has studied acting but her tremendous talent is raw, undefined. It takes so much more work for her."

Even by the arduous standards of hour-length prime time series, the work week is brutal: Five straight 13-hour days, with at least one of the leads in virtually every scene, and the shooting taking place in an old Los Angeles factory without air conditioning. That may help account for the relatively lean cost of \$1.06 million per episode and what Rosenzweig claims is a cumulative cash shortfall of less than \$4 million between actual costs and what CBS has paid in fees. "The management at Orion [the studio that produces the show] is



Producer Barney Rosenzweig persisted in doing the show one way—his own.

tight," he says. "After five years on the job I had my office cleaned up. It cost \$3,000 and they can't stop complaining about it." Still, after a TV career in which his biggest previous credit was a worthy but less than epic adaptation of *East of Eden*, he says, "I love my work. I don't want to slip from being the best show on TV. I haven't been a genius for that long yet." ●



Continental Cable: Top of the Line

Amos Hostetter created a model cable company—well managed, profitable and a marketing and programming leader **by Jeri Baker**

The things people say about Continental Cablevision and its chairman and founder, Amos Hostetter, could make your teeth ache. Warren H. Phillips, chairman of Dow Jones & Company, a Continental investor: "It's the greatest of the cable companies, run by a really superior individual." Steve Rattner, principal and head of the communications group at Morgan Stanley, Continental's investment banker: "Making it look deceptively simple all the way, Continental became a large and successful company, utterly squeaky clean, and never missed a step." Mike Ritter, a former telephone

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Jeri Baker is a veteran New York-based feature writer with a special interest in the cable-TV industry.

company lawyer who is vice president and general manager of Continental's Michigan region: "It's a thrill to work for this company. Virtually every day, I pinch myself to make sure I'm not dreaming I'm this happy."

These are speakers not known for saccharine testimonials. So the flourishing of Continental in an industry no more renowned than any for decency or integrity gives credence to the notion of cosmic justice. Continental doesn't "rent citizens" to charm local politicians, and the company's record of matching promises it made for franchise awards appears solid. To close watchers of the cable business, Continental is in many ways a model for the industry: It serves customers efficiently, it manages effectively and it delivers steady profits to private investors and

its owner/managers.

The largest of the multiple system operators (MSOs) in private hands, the company this fall will ascend to fifth in size in the industry. It operates in 13 states, serving over 1.2 million subscribers in 250 communities. It ranks high in the most telling of industry standards: The ratio of its basic subscribers to the number of homes able to receive its cable service is 56 percent, fourth in that category among the top MSOs. The ratio of pay subscribers to basic is consistently over 100 percent, a tribute to masterful marketing of multiple pay channels, and puts Continental comfortably in the lead among the top ten.

Continental's home office is surely one of the most picturesque in America. A beautifully restored pilot house on Boston's gentrified waterfront is headquarters to a lean 40-member corporate staff, ministering to nine regional offices overseeing about 3,000 people. The serene quarters are carpeted in the blue of Boston Harbor just outside. On the exposed brick walls, framed nautical charts abound. They seem an emblematic cue: Continental set its course and stuck to it, come hell or high water, during the 23 years since Amos Hostetter and a Harvard Business School classmate created the company.

With total capital of \$3,000, Hostetter, then 26 years old, and H.I. Grousbeck, 28, decided on a narrowly focused plan

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to franchise and build cable systems in areas underserved by television. The approach produced a company now worth about \$2 billion on the open market. It grew steadily on an accumulation of competitively won franchises, clustered in management regions whose local autonomy defines Continental's structure and style.

Continental was a model of decentralization before decentralization was trendy. The two founders moved from Massachusetts to Ohio to take on management of their first franchises there. Staffers who win franchise battles stay behind to run the systems they designed. "The people doing the promising are the ones who have to live with the results," Mike Ritter says.

Hostetter deflects personal praise by insisting he takes great pride in, but little credit for, the work of that independent field staff. Such modesty gains credibility in light of some corporate anomalies: Continental has no standard work-order forms, no standard letterhead, no memos seeking authorization for purchases. "Because they're not standardized," says Hostetter, "I think our responses to problems are more imaginative, vital and tailored to local conditions."

Though he is deliberately distanced from Continental's day-to-day business decisions, Hostetter involved himself early on with industry concerns. At 28, he was a director of the National Cable Television Association (NCTA) and at 35 its chairman. He was an active lobbyist when regulatory restraints threatened cable growth. And he has not hesitated to buck the industry's partisan assertions of First Amendment protections that seem to him at odds with franchise obligations.

Service innovations in the field have helped the company quietly pile up more marketing awards from the Cable Television Administration and Marketing Society than any other MSO. Continental also leads in the number of ACE awards for local programming from the NCTA. "Maybe we could be faulted for too little PR," muses Hostetter. "Basically, our key people are publicity-shy. But it may be good for employee morale to get more recognition. It helps people feel good about the company they work for."

Adamantly opposed to "false starts"



Staffers who win franchise battles stay behind to run the systems they designed.

in some of the high-technology areas that have attracted—and defeated—other MSOs, Continental went more than 20 years before diversifying into cellular telephone partnerships, currently serving two cities. Like cable, "it's a technology business, a long-term operating business and a licensed business," says Timothy P. Neher, Continental's president and chief operating officer.

The decision to diversify came as Neher was preparing to move from executive vice president to president. Though the change in command from Hostetter (who remains chief executive officer and chairman) to Neher was smooth, one hallmark of the new order is the company's post-franchising move into acquisitions, including the recent purchase of 87,000 subscribers from McClatchy Newspapers.

To prepare for what is clearly a new phase in the company's maturation, Continental recapitalized early this year, raising \$325 million on the sale of notes and debentures in order to buy back nearly half its stock. Among those who sold back shares were venture capitalists whose customary three-to-five-year investment term had stretched to 15 to 20 years. Samuel W. Bodman, president of Fidelity Management and Research and chairman of its venture group, said the uncharacteristic constancy was due to Continental's "superb management and relatively predictable operating results." (Through the most harrowing years of franchising and construction, Continental managed a 40 percent operating margin and expects that rate to rise to 45 percent by 1988.)

Another seller was Dow Jones, which reduced to 16.5 percent the 24.5 percent of the company it had purchased for nearly \$80 million in 1981. Although Phillips says Dow Jones was attracted to Continental initially because of its financial and organizational strength, "we found as we visited their systems that, uniformly, their people were the most impressive we've ever encountered." (This from a man whose own company ranks near the top of *Fortune's* annual list of most-admired corporations.)

Under Continental's management approach, those most wedded to its future gain by designing and implementing that future. The company provides a retirement plan with pension and matched savings, incentive compensation based on stock value and, for senior management, stock purchases. Forty-five percent of Continental now belongs to some 50 employees. "The people who manage it own it and the people who own it manage it," says Hostetter. "We've never been in better financial shape." Nevertheless, the company has to find new ways to raise market penetration and increase per-subscriber revenue.

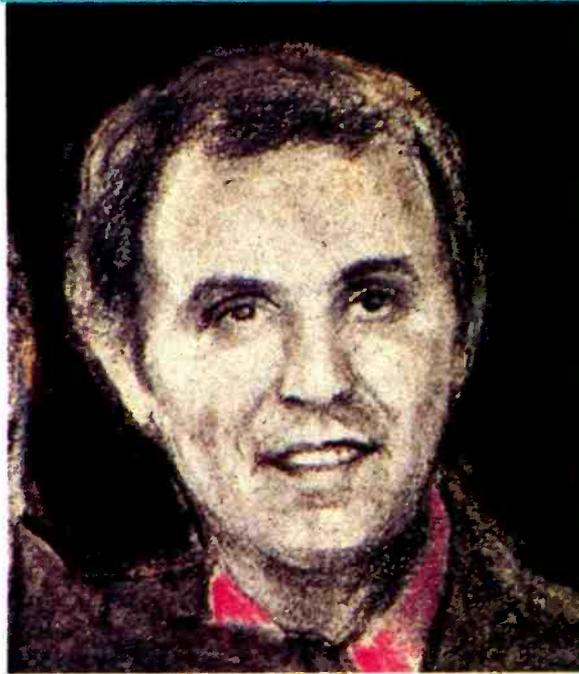


Timothy Neher: Continental's president led the post-franchising move into acquisitions.

Hostetter's low-key exhortation to the troops on that score came during a companywide celebration of the signing of its one-millionth subscriber. His speech was delivered live to all the regional offices. He concluded it with a line from Isaac Newton: "If I have seen farther, it is because I have stood on the shoulders of giants." He paused. "All of you out there are Continental's giants."

Dry eyes were scarce, participants say. Because he meant it, and they knew it. That's the kind of firm it is. ●

JIM CONNATY PHOTOGRAPHY



APR's Bill Kling: Radio Innovator

The network builder behind 'A Prairie Home Companion' is public radio's foremost entrepreneur **by J. J. Yore**

Bill Kling sinks into a chair, exhausted. It's 6 o'clock of a bright summer evening in St. Paul and, for him, yesterday isn't over yet. He worked until 1 A.M. this morning in Los Angeles. His plane home arrived late. And now, as the postmodern headquarters of Minnesota Public Radio go quiet, the tall, thin broadcaster is looking at another five hours before he can head home. Tonight's efforts are just prologue. For the next two days he will play host to the directors of American Public Radio, the national syndicate he founded in 1982.

Few recognize Kling's name, but millions tune in to their local public

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J.J. Yore is editor of the public broadcasting newspaper Current.

radio stations to hear programs syndicated by American Public Radio—Garrison Keillor's *A Prairie Home Companion* on Saturday evenings; the nightly *Kids America*; *Monitoradio*, produced by the *Christian Science Monitor*; the new *Business Update* newscasts produced for public radio by CBS News; news programs from the Canadian Broadcasting Corp. and the BBC and many concerts and musical programs.

In four years, Kling and colleagues have built APR into the only major rival to National Public Radio—and without the federal funding that has sustained NPR. At the same time, Kling's home base, Minnesota Public Radio, a private, nonprofit, 12-station network, has become the most-listened-to state public radio network in the country and one of the

most creative—built without the state aid other statewide networks depend on. An aggressive builder with eclectic taste, William Hugh Kling, at 44, is public radio's foremost entrepreneur—its first magnate.

As public radio undergoes the most fundamental financial overhaul since its inception, the future has never looked brighter for Kling's offspring. For the first time, starting this month, public radio stations will have the money to create a competitive programming marketplace. Under the former setup, \$9.9 million in federal funds from the Corporation for Public Broadcasting would have been granted entirely to NPR, the Washington-based producer/distributor of *All Things Considered* and other programs. Now the stations will hold the money and shop for programs from NPR, Kling's APR or other sources. Even Kling's detractors acknowledge that no one is better prepared to serve and exploit this market than he.

The Klingdom grew out of KSJR at St. John's University in Collegeville, Minn., started by Kling in 1967 when he returned to his alma mater after finishing graduate school. Two years later, after he added the flagship station, KSJN in St. Paul, the university budget could no longer carry the load and the stations and all their equipment were donated to the new Minnesota Public Radio network.

Operating from a St. Paul warehouse,

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Kling learned his first lessons about cash flow and survival. He launched a string of supplemental money-making ventures that have since become his hallmark. In 1969, the network pioneered a service now commonplace—using the subcarrier of the FM signal to carry additional programming for a fee. (The subcarrier is used to air reading services for the blind—not a big money-maker.) Since then the state net has supplemented its listener and underwriter donations in many ways—by selling newscasts to 45 commercial stations across the state, for example, and even by getting involved with cable TV.

Three years ago Kling joined forces with Excellence nominee Continental Cablevision in a successful bid to install and operate St. Paul's cable system. Under the agreement, MPR gets 3 percent of the system's pretax profits (with a floor of \$150,000) without any major outlay of its own. When the state network renovated the World Theater, a turn-of-the-century vaudeville house, as the permanent home of *Prairie Home Companion*, it turned the reopening event into a public TV special and sold a version to cable's Disney Channel, complete with the first underwriting credits ever to appear on a pay cable channel.

The side ventures have contributed almost a quarter of the network's \$12 million budget, but its audience is the best test of its success. The network has 60,000 dues-paying members—twice as many as five years ago and more than any other public radio outlet—and 350,000 listeners a week. Now Kling is turning his attention back to Minnesota, having stepped down as part-time president of the national syndicate in August in order to make way for a full-time leader, veteran public broadcaster Al Hulsén. Kling still has plans for the state network, he says: "Minnesota Public Radio is not nearly done."

More than any accomplishments at the state network, Kling's association with *Prairie Home Companion* and his role as founding chairman of American Public Radio have given him prominence in radio circles. In January 1982, he joined forces with four heads

of other major public radio stations (WNYC, New York; KUSC, Los Angeles; WGBH, Boston; and WGUC, Cincinnati) that had become disillusioned with NPR over its reluctance to distribute nationally programs they produce, including

Fears of a network collapse the day Garrison Keillor leaves have been offset by American Public Radio's diverse, 90-hour-a-week schedule.

Minnesota's *Prairie Home*. Kling and others have long accused NPR of favoring the shows it produces in-house. Thus was born American Public Radio.

The new network grew quickly, enlisting 230 affiliates by the end of its first year. It now has 308. APR's strongest selling point was, and is, *Prairie Home*. But despite others' suspicions that the network will collapse the day Garrison Keillor leaves, APR has built a diverse, 90-hour-a-week schedule, 80 percent of it music programming and 20 percent public affairs.

APR could never have flourished without public radio's national satellite system, established in 1979 by NPR. Kling, then an NPR board member and chairman of its distribution committee, was the satellite system's godfather. Though recently he has been cast in the role of NPR's adversary, Kling was a founding member of NPR's board in 1968 and served on it for nine years. Minnesota Public Radio is still a member of NPR and still airs its programs daily.

Kling's runaway success has come at

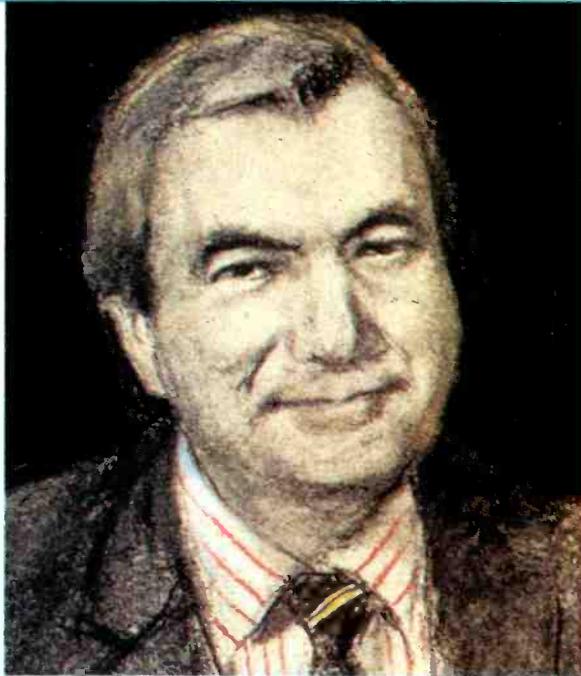
a price. To many of his public radio colleagues, accustomed to slow but democratic decision making, Kling seems a brash overachiever. Some simply don't trust the man with the too-quick smile—and that affects how they feel about the national network he started. "Outside the APR board, it is almost impossible to find any measure of genuine affection, loyalty or long-term commitment to APR as an institution," wrote public radio consultant Tom Thomas in a paper for his clients, which include Kling.

The problems began in APR's early days, which coincided with a financial crisis that threatened National Public Radio's survival. At the same time that NPR's \$6.4 million deficit was forcing it to cut its arts and performance budget significantly, APR was announcing new arts programs. It appeared to some that Kling was capitalizing on NPR's plight. At the peak of NPR's fiscal crisis, during public radio's 1983 annual conference, then president Frank Mankiewicz referred to Kling as "Darth Vader."

Public radio managers also attacked Kling for attaching a price to *Prairie Home* (he had originally offered it free to stations), for requiring stations to pay additional APR dues if they wanted to carry Keillor's popular program and for giving exclusive one-per-market rights to shows—though these are accepted practices in commercial radio. Negative feeling toward Kling may have peaked last spring when APR announced substantial hikes in affiliation fees. Kling's response was characteristic. If it wasn't worth the price, he said, stations could always opt to quit the network. Four did.

Wallace Smith, a co-founder of American Public Radio who runs the big public radio station in Los Angeles, KUSC, has his own view of Kling: "When you're dealing with a person who has as much personal drive to succeed as Bill, you're occasionally going to find yourself getting in his way and getting pushed. Sometimes he appears insensitive or intolerant. But if that kid had not been expanding his empire, public radio would be much, much less than it is today." ●

EXCELLENCE



Group W Television: Local Heroes

Boston's WBZ-TV exemplifies the Group W tradition: leadership in public service and dominance in its market. **by Terry Ann Knopf**

The Boston television market has long been known for excellence in programming—so much so that many broadcasters consider the area's two dominant stations to be perhaps the finest in the country. Both WCVB-TV, Boston's ABC affiliate now owned by Hearst Broadcasting, and WBZ-TV, the NBC affiliate long owned by Westinghouse's Group W, have always been considered model stations with national reputations, but for most of the past 15 years WCVB's efforts in local programming and news had made it the undisputed market leader. In 1982, however, WCVB-TV

began to decline after it was sold to Metromedia and then resold to Hearst last year. This contributed to WBZ's emergence as the dominant station in Boston, probable heir to the title of America's best local station.

WBZ's recent success in Boston stems not only from the vagaries of competition but also from the strong tradition of public service and quality news programming at Group W. After the network-owned stations, Group W has always been the most influential broadcast chain in the country, operated by a unique group of executives steeped in the company's value system. WBZ, the oldest TV station in the market, has traditionally been an innovator in Boston: It was the first to expand its news show from a quarter to a half hour (and later to an hour); the first to create an

investigative unit; and the first—and only—station in the racially troubled city to hire black anchors for its weeknight news show. The station's hold on local viewers today is so strong that over the past five years, even while the *CBS Evening News* and ABC's *Good Morning, America* were leading the national ratings, NBC's *Today* and the *Nightly News* finished first in Boston. And beginning in 1981, WBZ gained national notice for its "You Gotta Have Arts" campaign, an imaginative effort to increase public awareness of the arts that ran for five years.

Efforts such as these are not peculiar to Group W's flagship Boston station. The company's other stations—WJZ-TV in Baltimore, KYW-TV in Philadelphia, KDKA-TV in Pittsburgh and KPIX in San Francisco—have all had their own public-service projects, ranging from the nation's first organ-donor education campaign to an informational series on the AIDS epidemic. In fact, what WBZ represents in Boston is a reflection of a long-standing corporate culture at Westinghouse Broadcasting, which has always proceeded from the notion that good community service inevitably translates into good business.

Group W became an important industry force for social responsibility under the leadership of the late Donald H. McGannon, who headed the

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Terry Ann Knopf is the television editor for The Patriot Ledger in Quincy, Mass.

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company from 1955 to 1981. A high-ranking executive of the old DuMont Television Network, he became head of the Westinghouse group when DuMont, the original fourth network, folded. In some respects, McGannon ran Group W as if it were the fourth network. His stations made a practice of producing their own prime time documentaries, which meant preempting the network. He demanded that his stations run the best news operations in their markets.

McGannon vigorously fought the networks on the issue of gratuitous sex and violence, banned cigarette advertising from his stations before it was officially outlawed and successfully lobbied for the Prime Time Access Rule, under which the networks were required to return a half hour of prime time to local stations.

Group W also became a force in syndication like no other station group. The company produced and distributed the popular *Mike Douglas* and *Merv Griffin* talk shows, and later created *PM Magazine*, a slickly produced strip that combines national feature stories with local segments by subscribing stations. The show was developed locally by Group W's San Francisco station as *Evening Magazine* and went into syndication in 1978. Last year, when KDKA, Pittsburgh, mounted its ambitious organ-donor education campaign, called *Second Chance*, Group W lined up 113 stations around the country to air it.

Under McGannon, Group W became known as "the Harvard Business School of Television." Prominent alumni include Joel Chaseman, president of Post-Newsweek Stations; Wally Schwartz, president of Blair Television; and John Sias, president of the network division of Capital Cities/ABC. Upon his retirement, McGannon was succeeded by Daniel Ritchie, a former MCA and Westinghouse executive with a background in finance, corporate planning and acquisitions. With his limited experience in broadcasting, Ritchie was expected to turn Group W into another bottom-line-oriented group with a diminished interest in public service. But Ritchie turned out to be every bit as community minded as McGannon. He and William Baker,



"Public affairs programming does not have to be boring or elitist—that is the paradox."

who came up through the system and is now president of Group W Television, hired Lawrence Fraiberg, one of the most distinguished broadcasters in America, to head Group W Television. (Fraiberg retired from Group W this year and joined MCA as president of its new broadcast division.)

Everyone in Group W's top tier—Ritchie, Baker and Fraiberg—continued in the McGannon tradition. Fraiberg believed in public service on a grand scale—concentrating on a single social issue over a period of months in documentaries, spot announcements and talk shows.

"Public affairs does not have to be boring, esoteric or elitist," he says.

Fraiberg, who won a Peabody award this year for exemplary broadcasting, gives a lot of the credit to Ritchie.

"Dan was highly supportive and believed in the troika of good programming, strong promotion and good sales. He would often say to me, 'Hey, you're not spending enough.'"

This statement may surprise many Group W staffers, who feel that the company suffers from a tendency to overwork and underpay its staff. Others complain that strict budgetary controls have prevented WBZ and other Group W stations from competitive promotion campaigns.

In 1983, WBZ in Boston was temporarily shell-shocked when general manager Sy Yanoff jumped ship to head the market's third-place station, WNEV-TV. Group W sent in

Tom Goodgame, the Pittsburgh general manager, to take over the flagship. Goodgame proved a popular leader and a strong stabilizing force for the station.

He determined that WBZ had to build on its image as the class act in town. Rival WCVB, faced with declining ratings and management problems, was experimenting with soft features and sensationalism in its newscasts, but Goodgame held to the high road at WBZ. "WBZ has always set the tone for Group W—it's the spiritual leader for Westinghouse," he says. He embarked on an ambitious series of documentaries and public-service projects.

In 1984, for example, WBZ aired a nighttime special on sexual abuse aimed at children called *This Secret Should Be Told*. The program was a breakthrough in children's television, and the station followed up with editorials and a news series on sexual abuse. In April 1984, WBZ preempted two hours of prime time for a documentary called *Whispering Hope: Unmasking the Mystery of Alzheimer's Disease* and then followed with an unprecedented teleconference linking all the other Group W stations. (McGannon was suffering from Alzheimer's at the time and died later in 1984.)

In March 1985, WBZ initiated a new public-service effort called *For Kids' Sake*, which dealt frankly with issues such as race relations, drug abuse and divorce. The documentaries and special programs were exceptionally well produced; one of the shows was a 30-minute drama about divorce written by a 12-year-old boy who had experienced divorce in his own home. Last January, Group W began syndicating the campaign, and some 40 stations are carrying the series.

Last spring, when Fraiberg reached mandatory retirement, Goodgame succeeded him as president of Group W Stations, winning the promotion after his notable performance at WBZ. He has good reason to look back with pride. WBZ has eclipsed WCVB as Boston's strongest station, and didn't compromise its values in the process. WBZ remains the jewel in Westinghouse's crown, and Boston is still the home of what may be the finest local TV station in America. ●

The Emperor's New Woes

Silvio Berlusconi built his European TV empire with shrewdness, tenacity and political connections. But can he keep it together?

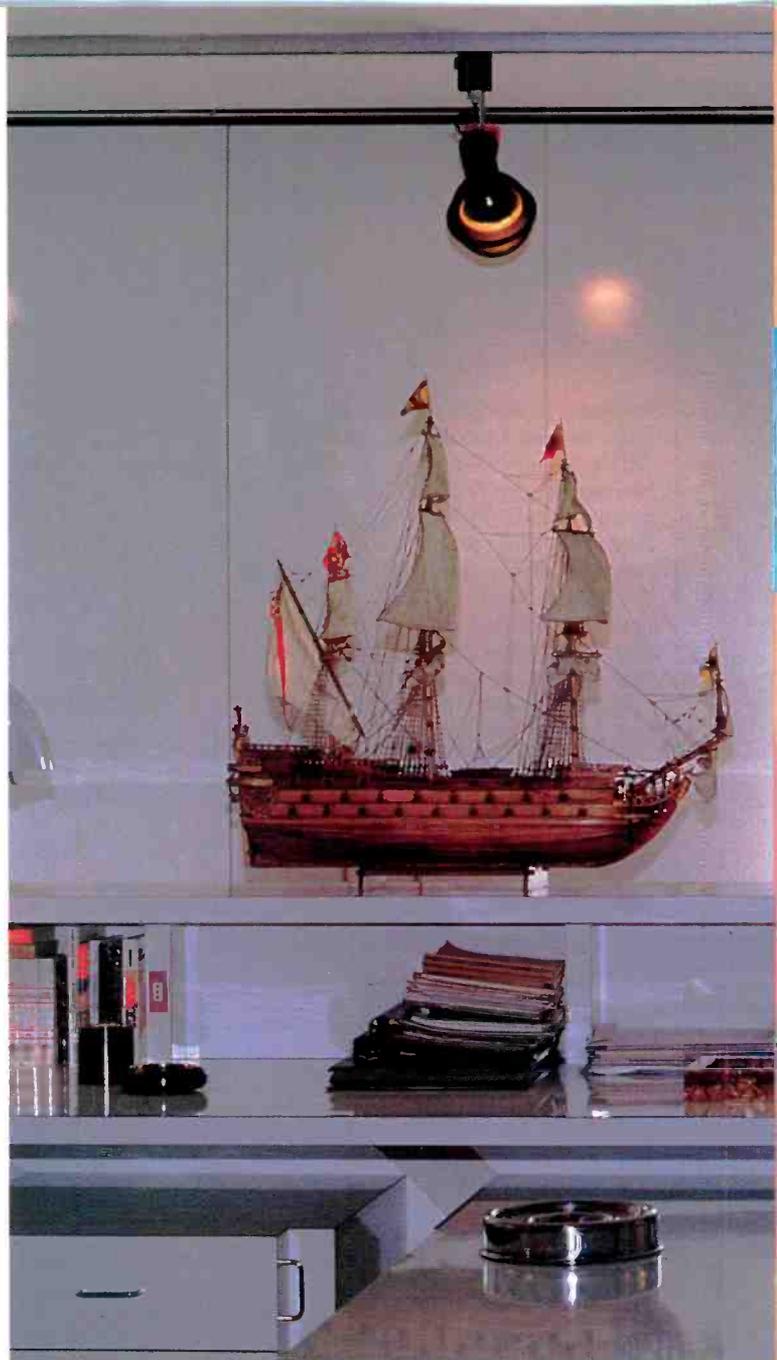
by Harry Jaffe



In Italy, Silvio Berlusconi is a living legend. Italians heap superlatives on the man: their answer to Ted Turner, to Rupert Murdoch. They call him ingenious, unorthodox, innovative, insatiable and a pioneer of the new capitalism. But Berlusconi favors a more basic image: "I would prefer to be compared to a bulldog," he says. "When a bulldog attacks the throat of a bull, it doesn't let go until the bull falls to the ground, bleeding to death."

Never has the 50-year-old entrepreneur's tenacity been put to a stronger test than in recent months. After distinguishing himself as the first European broadcaster to interrupt TV programs with commercials; after making a fortune selling those ads as owner of all three commercial networks in Italy; after hooking his countrymen on *Dallas* and *Knight Rider* and then leaping the Alps to establish the first commercial television network in France, Berlusconi's vision of a pan-European television system has suffered a series of political setbacks in recent months that have slowed, although by no means stopped, the pugnacious broadcaster. The French network has been snatched from his

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Washington writer Harry Jaffe recently returned from a year in Rome, where he wrote and lectured on the Italian media.



teeth, along with rights to channels on the planned French direct-broadcast satellite; the Belgians have spurned his advances on their new private commercial TV network and even the Italians are considering a law that would require him to divest one of his three networks there.

Political alliances are as important as business acumen in capturing Europe's newly privatized channels, and while Berlusconi has carefully fashioned a political foundation for his empire, he is still vulnerable to the whims of the voters. When the Socialists lost power last March in France, their television contracts with Berlusconi and others were quickly undone. "His dream of European television was dealt one hell of a setback—unless he can find another satellite," says Paul House, the Roman representative for British media lord Robert Maxwell. Still, no one thinks the bulldog of Milan has given up.

Earlier this year, a few weeks after his new French channel had gone on the air and the Socialists were still in power in Paris, Berlusconi called a press conference in Rome to announce his plans for a European Satellite Television Corp. with partners in Britain, France and West Germany. It was vintage Berlusconi. Small, taut, tanned and vibrating with energy, he was dressed in standard high-gloss uniform: handmade gray double-breasted

PHOTOGRAPHS BY FERDINANDO SCIANNA/MAGNUM



suit, blue shirt with a high collar stiffened by the tight knot of a paisley tie. For once he dropped the bulldog routine and substituted a new, if equally persevering, characterization of himself: "I see myself as a missionary, or a kind of pilgrim going from country to country to excite people about the potential of commercial television. I have contact with all the countries of Europe, and I have gained their trust."

But when the man who has filled his three Italian networks with the likes of *Mod Squad*, *Addams Family*, *Falcon Crest*, *The A-Team* and *The Love Boat* was asked if he was going to produce any of the programs on the new satellite channel, Berlusconi switched from missionary to high priest of culture. "What I hope to do is to give the people of Europe a panorama of television: perhaps a news channel, a sports channel, one for children, another for culture. Television is a great means for the consumption of culture. It's our intention to produce programs that express European roots, reality and taste. This is the line I am following. To be a champion in developing a European presence in global television."

Berlusconi grew up in Milan, a tough, efficient city of sky-

BERLUSCONI in his office: Three years ago he went after his third Italian network. Losers in the takeover battles objected to his tactics, but he shrugs off criticism: "I travel by spaceship, others go by car."

scrapers and the home of Italy's stock exchange. His father worked for a banker and often paraded young Silvio before the *padrone*. Like many Italian five-year-olds, Berlusconi played with puppets. But when the future media magnate put on shows for his family, he charged admission. "When I was 14, I stopped taking a weekly salary from my father," he says. "I decided at that moment I would make it myself."

After earning a law degree, Berlusconi dabbled in various businesses and, at the age of 23, settled on real estate. He didn't want to build mere houses, but whole cities. In 1968, he used his father's connections to help finance the purchase of a large tract outside of Milan. A decade later, he had completed the planned community, Milano 2. Today its 10,000 inhabitants walk or bicycle around town while cars travel below ground level.

The development gave Berlusconi not only architectural prizes but also the financial standing he needed to raise capital. He began his media empire with Milano 2's tiny cable system,



When Mitterrand flew to Milan for talks two years ago, Italian prime minister Craxi found time to introduce Berlusconi as 'my companion from my youth.'

Telemilano. At the age of 39, Berlusconi was poised to become his country's first television magnate. A major change in Italian broadcast law would give him the opportunity.

In 1976, television in Italy as well as in most other European countries consisted primarily of state-run channels. But an Italian court that year legalized local broadcasting by privately owned stations. At the same time it tried to preserve a continued monopoly in nationwide networking for the state broadcaster, RAI, by prohibiting simultaneous national broadcasts by others. But there were enough loopholes in the ruling to open the way for unrestricted expansion of commercial TV. The government never refined the ruling with specific regulations. The result was anarchy.

European neighbors watched as Italy, the first to permit unregulated private TV stations, sprouted hundreds of transmitters on the peninsula. The broadcasters ranged from amateur *mama-e-papa* operations to chains owned by major publishers. By the early 1980s, three national systems had begun to take shape: Italia 1 and Rete 4, both owned by publishers, and Canale 5, Berlusconi's network, based at Telemilano.

And by then, he began to realize that a fortune could be made selling national airtime. "Public television had been throwing money away, oil wells spouting oil and not using it," he says. "They had big audiences without selling them anything." While RAI carried only limited commercials, Berlusconi catered to the ad world. Agencies wanted simultaneous nationwide spots and he provided them. Since the law barred him from interconnecting his stations electronically, he went primitive—shuttling his videotapes to regional transmitters by plane and motorcycle

courier. His stations still broadcast "locally" from videotapes.

Now he glimpsed another opportunity. He asked advertisers to estimate their TV advertising and their expected sales and offered to give them double the airtime for the price if they would pay him a small royalty for sales above the target level. "Others were incapable of turning their audiences into money," Berlusconi says. "I went straight to the chairmen of companies and said, 'Look—advertise and you'll make money.'"

The scheme paid off in staggering advertising revenue increases. Ad sales rose from \$12 million in 1980 to roughly \$750 million in 1985—topping the ad revenues of all Italian newspapers combined. He put the money into new studios and equipment, into *The Waltons*, *Maude*, *Guiding Light* and other American programming, and into buying out his competitors.

In 1983 he bought Italia 1 for \$26 million, and with two networks he was able to squeeze the third and remaining major channel, Rete 4, then owned by Italy's largest publisher, Mondadori. By August 1984, he had amassed half of Rete 4's stock—a controlling interest—at a price of about \$77 million. The losers in the takeover battles say Berlusconi's tactics and his resulting monopoly are "scandalous." He shrugs off the criticism: "I travel by spaceship; others go by car."

The next thing he did was to go after RAI's audience. In 1983, his channels matched RAI's ratings; now they easily outdraw them (though the top RAI channel runs even with Canale 5). In the process, Berlusconi gave a lift to prices for American program exports. ("The more competition in any market, the better things are for us," says the manager of sales promotion for CBS Broadcast International, Kelly Dennehy. "And if Berlusconi is

Berlusconi's Domain

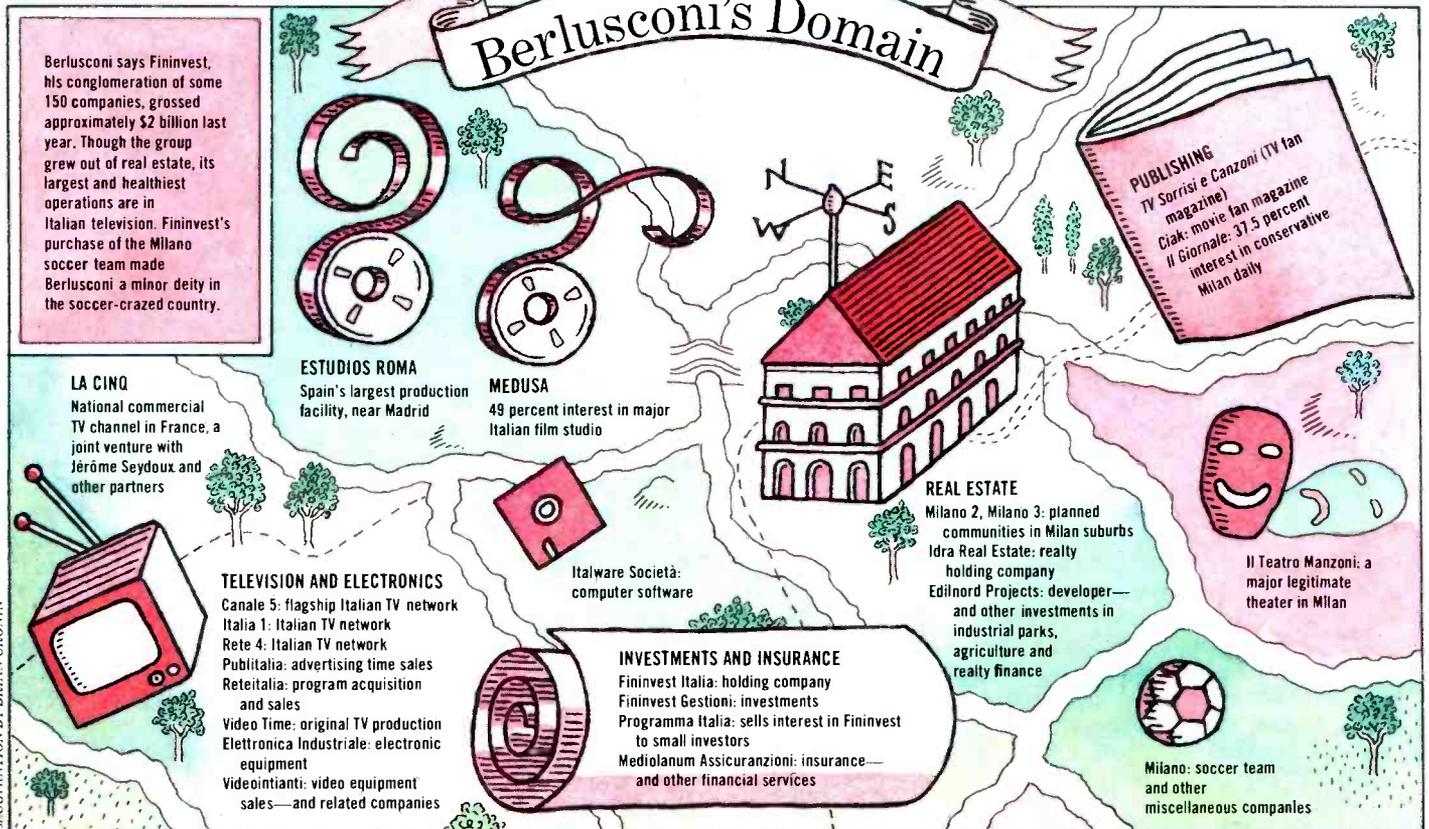


ILLUSTRATION BY BRIAN CHONIN



WITH his bank of monitors at home: Berlusconi bought up rights to air American series in Spain and France as well as Italy. Their prominence on La Cinq led critics to decry his "Coca-Cola culture."

the one who's providing it—great!")

Some were less than thrilled with the influx of off-network American programming. "He wants to transform all Italians into idiots and quiz show players," objected Silvio Saviani, TV critic for the weekly Italian newsmagazine *L'Espresso*. French cultural minister Jack Lang accused him of serving up "Coca-Cola culture," to which Berlusconi replied, "It's better to call it Beaujolais television, and champagne on Sunday."

RAI was not without fault in its decline. As a monopoly it could ignore both advertisers and viewers—and it did, letting its programming go flat. Most damaging, it was hamstrung by political manipulation and a bloated, sluggish bureaucracy. RAI was running three channels with 14,000 employees last year; Berlusconi's three channels had 2,500—and his team moved faster. In a recent skirmish, both Canale 5 and RAI claimed they had acquired rights to broadcast the American miniseries *Sins*. But Berlusconi didn't wait to settle the dispute. He rushed the racy programs to air, sold the ads, got the viewers and left RAI to seek recourse in the slow-moving courts.

Such decisiveness is typical of the all-business Berlusconi. His day begins with a business breakfast or with memo-laden aides who greet him on the steps of his villa. Colleagues say he handles 60 phone calls a day, fuels himself on a diet of steak and salad and often is the last to leave the office at night. He rarely vacations, insisting that he takes great pleasure in walking in his gardens while talking with his aides about television. Yet he does not labor without luxury.

The man who boasts that he is the richest in Italy travels between European capitals aboard his seven-seater Cessna jet, stocked with bottles of Silvio Berlusconi Reisling Reserve. He owns a villa by the posh seaside resort of Portofino and apartments in fashionable sections of Rome and Paris. Villa Arcore, his home near Milan, is a restored 10th century monastery hung with paintings by Rembrandt, Titian and Tintoretto. He can sit by his indoor pool and sauna and flick through images on a bank of nine TV screens.

All of Berlusconi's various holdings are run under an umbrella group called Fininvest, an expanding group of some 150 companies that is believed to be Italy's seventh largest private-sector

company and the largest not quoted on the stock exchange. Fininvest includes the television division, with the three Italian networks, the largest production studio in Spain, the European satellite partnership and an advertising branch; an editorial division owning 37.5 percent of the conservative Milan daily, *Il Giornale*, and several pop magazines; a financial division that sells insurance, among other services, and a new electronics branch that recently expanded into computer software. Because the group is privately held, Fininvest's profits and losses have been a matter of guesswork. Berlusconi placed its revenues in the \$2 billion range last year, and the company claims still larger figures for '86.

Pressured by journalists as he was preparing for his expansion into France late last year, Berlusconi released the results of an Arthur Andersen & Co. audit. While the disclosure was limited, it did picture a generally healthy group deriving more than half its revenues from a booming TV division. The real estate division was weaker. The audit put Fininvest's 1984 net profit at \$52.6 million—8.2 percent of the \$641 million in revenues.

While the exact source of Fininvest's financing is still an enigma, one unorthodox method of raising money is well-known and—before it was halted—controversial. Tiny pieces of Fininvest joint partnerships in large enterprises, or *atipici*, were once sold door-to-door by smooth-talking Berlusconi salesmen.

Berlusconi controls his diverse enterprises through an echelon of carefully groomed executives—many of them old college buddies, real estate colleagues or family members. His younger brother runs real estate, a former college chum heads the advertising branch Publitalia and an associate from the Milano 2 era controls Reteitalia, the programming acquisition arm. At the top of the pyramid, Berlusconi sets the pace. "Pledge yourselves with imagination and courage," he told employees at the annual company party. "One day you could become like me."

Berlusconi's business acumen notwithstanding, his political connections have been key to his success. Socialist party chief Bettino Craxi, Berlusconi's closest ally, was Italian prime minister for three years, until early July. Both from Milan, they have



Even his greatest patrons, the ad agencies, have attacked Berlusconi—they objected when he inserted 38 minutes of commercials into a movie.

been friends and visitors in one another's homes for years.

The strength of their alliance was tested in October 1984, when three magistrates, accusing Berlusconi of skirting the law, shut down his stations in their regions. The next day, Berlusconi sought support from viewers—and from Prime Minister Craxi. The government and magistrates were so inundated with protests from viewers demanding *Dallas* that the judges were forced to change their phone numbers. Four days after the stations went dark, Craxi's government decreed that it would be legal to run a nationwide network by shuttling videotapes. "I don't believe there will be a new blackout," says Berlusconi. "We have the law and public opinion on our side." And he has Bettino Craxi, who still has political clout even while out of office. The Craxi connection also opened the door to France.

In June of 1984, French President François Mitterrand flew to Milan to talk with Craxi and other national leaders about the survival of the fragile European economic community. Craxi found time to introduce Mitterrand to Berlusconi, presenting the industrialist as "my companion from my youth." One French paper said the elegant Milanese seduced the French president: "Between Mitterrand, lover of Machiavelli, and Berlusconi, commander of the waves, the frequency was very good."

Once the political door was ajar, Berlusconi found powerful financial backing in France, which had decided to allow private competition with the three state-run channels. In his bid for the new channel, La Cinq, Berlusconi teamed up with Jérôme Seydoux, chairman of one of France's largest holding companies, Chargeurs. Both Seydoux and a minority French partner, Christophe Riboud, an heir to the Schlumberger oil fortune, have close ties to Mitterrand. When he awarded the new channel to Berlusconi's group, he assured his critics that 60 percent French ownership of the new network would ensure its French flavor. Berlusconi's Fininvest held the other 40 percent.

Mitterrand also gave Berlusconi and his partners three channels on TDF-1, the direct-broadcast satellite France plans to launch next year. One would retransmit La Cinq and two would be operated by a consortium including Robert Maxwell, publisher of the Mirror Group newspapers in Great Britain; Berlusconi; Seydoux; and German TV production tycoon Leo Kirch.

"We intend to produce shows that will entertain people not only in one country, but all over Europe," Berlusconi said as he began signing coproduction deals with producers in France and elsewhere. "We will try to create seriously and deeply a unified, nonhybrid European culture. He promised "to turn Paris into an epicenter of European TV production."

The French, however, didn't want Berlusconi's help. Proud and protective of their culture, intellectuals joined politicians in heaping insults on the invader's Italian and American programming. They were particularly incensed that La Cinq's programs originated from Milan (Berlusconi claimed he couldn't find studio space in Paris). It was as if Mitterrand had given McDonald's a franchise in the Louvre. Right-wing politicians promised to annul the contract if they came to power in the March elections. "This spaghetti television tycoon will never be allowed to transmit from the Eiffel Tower," warned Jacques Chirac, then mayor of Paris and now prime minister of France. Chirac tried to block La Cinq from putting its antenna on the tower; it took a police escort to clear the way.

Berlusconi's French connections began to fray last March, the day his Socialist allies were voted out of power. Though Mitterrand remained president, he had lost his parliamentary majority. Right-wing leaders complained the Socialists had handed out La Cinq (and also TV-6, the music-video channel) without

taking competitive applications.

Berlusconi tried to negotiate a new pact, bringing in three French partners, but talks collapsed. In August, the new prime minister, Chirac, decreed that new operators would be appointed for both La Cinq and TV-6. Parliament followed through, creating a new commission to select the operators, limiting foreign ownership in commercial broadcast properties to 20 percent and stripping the consortium of its channels on the direct-broadcast satellite. Berlusconi will probably continue to operate La Cinq until the beginning of next year. He will have until three months after the commission is appointed, which will happen no sooner than this month. In the meantime, he and his partners have threatened to sue for compensation.

Berlusconi's downfall in France was no great surprise, given the gaping political and cultural chasm between France and Italy. French governments have kept the reins of television while Italian regimes have a hard time staying in power long enough to control even the trash collection. Culturally, France has guarded itself against foreign contamination; Italy, a cultural sponge by comparison, has sopped up American music and movies for decades. An extraordinary 70 percent of Italian TV is imported, compared with 17 percent in France.

There are threats to Berlusconi's empire even in Italy. A proposal in the Italian parliament would allow a corporation to own only two networks. (The same bill, however, would also benefit Berlusconi by formally legalizing simultaneous nationwide transmissions, permitting Berlusconi to air news nationally for the first time.) His Italian networks have also been under attack by advertising agencies, which forced the networks to cut back the clutter of numerous commercials to a maximum of 16 minutes per hour in prime time, 18 minutes at other times. (American networks carry six minutes per hour in prime time.) The agencies filed a formal protest after Canale 5 crammed the Rambo movie *First Blood* with 38 minutes of advertising.

Early this year, when his missionary zeal was boundless, Berlusconi talked of beaming Italian programs into the Americas—initially through cable channels in Toronto and New York. But Canada refused to let his associates transmit by satellite. Canada was supposed to open the way to New York.

The Berlusconi phenomenon may turn out to be confined entirely to Italy. He was able to dominate private TV in his native land because it lacked broadcast regulation and he had useful political ties. France is another story. He blazed the trail for European commercial TV, but now he's losing his head start.

Yet it's possible Berlusconi will be able to keep a foothold in France, if only by getting minority interests in media properties. Chirac's government plans to sell off the biggest of the three state TV networks, TF-1, and take bids for operation of La Cinq and TV-6, and Berlusconi could still be a desirable partner. He has bought up broadcast rights for a storehouse of American and other imported programs, not only for Italy but also for France and Spain. "Yes, there's been a problem in France," says Luciana Paluzzi Solomon, Berlusconi's U.S. representative (and spouse of Michael Jay Solomon of Lorimar-Telepictures). "But that doesn't mean he's been kicked out of France. If it's not La Cinq, it will be another network."

Not the least of those who believe in Berlusconi is the man himself. Last February, in the midst of his fight to get La Cinq, Berlusconi called a press conference and declared: "We have the will and the plan to go beyond our borders. And behind every great plan there is a small man who made it happen with his blood, sweat and tears. In this case, it was me." ●

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August 13, 1986



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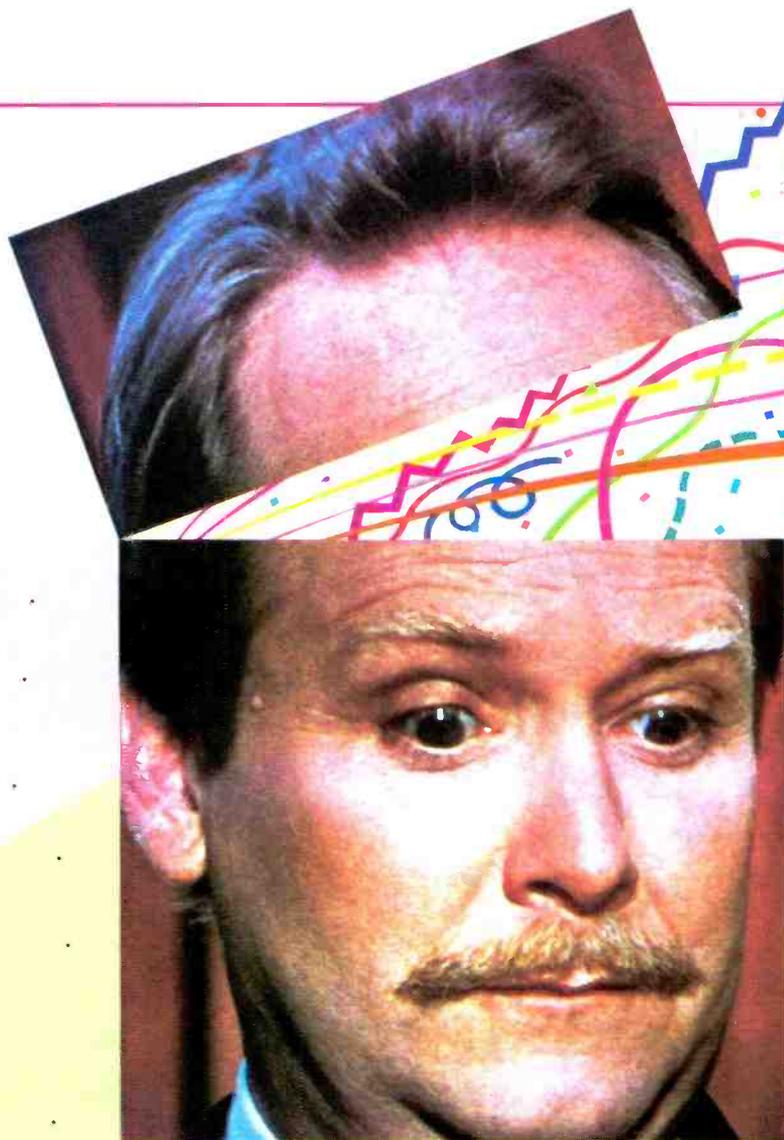
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Love Boat Goes to College



TELEVISION USED to get no respect in the halls of academe. But scholars today have taken to 'reading TV' and loving it.

Zap. *I Love Lucy*: A ritualized conflict between the desire of women to leave the home and the desire of men to keep them there. Each episode returns Lucy to the private realm. **Zap.** *The Mary Tyler Moore Show*: Mary has succeeded where Lucy failed; she joins the public world. Note how the newsroom family embodies the ideal union of work and love spoken of by Freud. **Zap.** *Dragnet*: The reference point for all cop shows. See Joe Friday as a McCarthy-era hero; the sleazy criminals are his Communists. **Zap.** *Mod Squad*: Hippies become cops, enacting peace and love through law and

order. **Zap.** *Hill Street Blues*: The men's room as a zone of temporary equality among officers. Captain Furillo's office as the space in which hierarchy is re-established. **Zap** . . .

This is called "reading television," and it's not just a pastime—it's something of a career. At places like the University of Iowa, Northwestern and Michigan State, television reading is a serious intellectual pursuit. Quarterly journals discuss it in depth. There are yearly conferences of television readers, where the papers have titles like "Subtexts of Resistance in Ideological Commodities: The Case of *Magnum, P.I.*" or "Star Discourse Analysis: Coming to Terms with Mr. T." And there are scholars, internationally known in the field, like founding fathers John Fiske and John Hartley, Britons now teaching in Australia, and Horace New-

by Jay Rosen

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Jay Rosen, a contributing editor of Channels, teaches journalism at New York University.

comb of the University of Texas. Scholarly books have been published about *I Love Lucy*, *The Andy Griffith Show*, *Dallas* and *Hill Street Blues*. (Indeed, so much has been written about *Hill Street* that some authors are now departing from what they see as the “standard interpretation” of the show.) Professors who assign Faulkner and Melville are adding *Love Boat* to the curriculum.

A visitor to the new field of “television studies,” invited to the Fifth International Conference on Television Drama at Michigan State, finds much that is intimidating. Is it wise to brave “The Dialogue of Genres in Contemporary Television Narrative,” or would “*Miami Vice* and Medieval Sin” be more understandable? And those “pseudo-Brechtian antimimetic techniques” said to be at work in *Moonlighting*: Is that when the detec-

dle around a TV set watching clips from *Dallas*. They are learning that the same shot—J.R. looking ominously from a balcony at South Fork—has recurred over and over in the series. “In episode 54 it turns up again,” says the speaker, nodding to a technician who rolls the tape. Sure enough—there’s Sue Ellen arguing with her young lover, there’s the balcony, there’s J.R. with a drink in his hand, overhearing it all. The music swells up, the credits flash, the tape is stopped and this weird academic séance takes up the question: What does it mean?

A bespectacled professor who has just delivered a paper on *Remington Steele* tells her audience that “it’s important to write NBC and tell them to renew the show.” Heads nod throughout the room; all agree that *Steele* is a brave experiment worth keeping. (NBC also agreed

by it. This new breed of scholars has found in television a subject matter ripe for analysis—an opportunity to break things down into their parts and put them back together in the shape of an idea.

“Reading television” can be fun, one discovers. There are indeed “communication spaces” in *Hill Street Blues*, as suggested in the title of one paper. The squad room is one kind of space, where the officers are addressed as a team before they go out to do battle with the bad guys. The police car is another space, where Bates and Coffey play out the drama of partnership. The streets are a dangerous space that belongs neither to cops nor criminals, and so on. Listening to this “reading” of *Hill Street* one starts to get the hang of it. Divide a show into parts, name each, connect them back to a central theme. That’s how *Hill Street Blues* is analyzed.

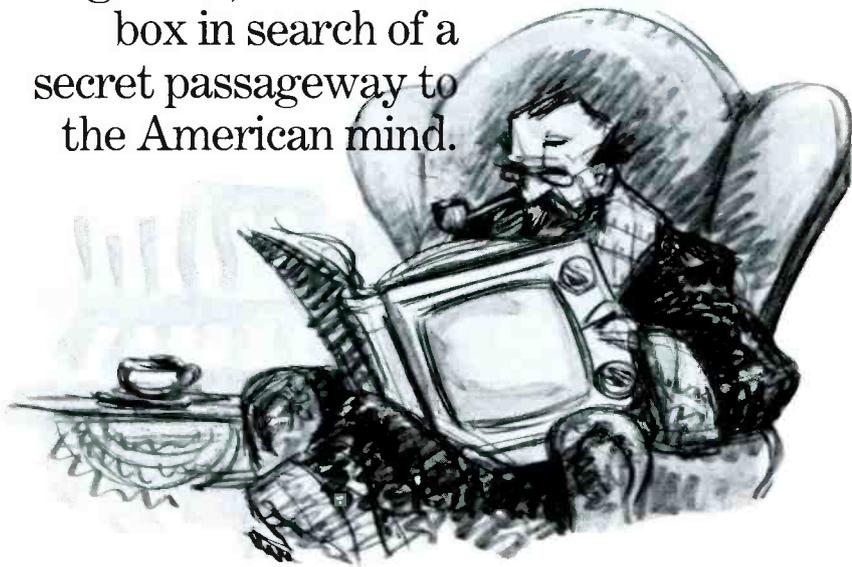
But that’s not all there is to it. Convinced that TV is too important to be ignored, academics have come to the box in search of a secret passageway into the American mind. Television offers them the same thing it offers the advertiser: fantastic numbers, numbers so large they seem at times to equal the nation. If they can understand TV then they’ll be closer to what’s really going on in the country. Academics who study television have thus rescued themselves from a marginal existence. In a strange way, they have come home.

Their students, for example, are less literate, more conservative and more money-minded than most members of the faculty can often tolerate. They do not make a lively audience for a lecture on symbolism and poetry. In order to have a hope of reaching students—in order to keep from despising them, one suspects—the English professor turns to television. “To get students interested in fictional forms such as have to deal with the forms they already know,” says Jackie Blain, who teaches media studies at the University of Texas. “You have to teach Shakespeare and television.”

In the 1970s feminist thinkers tended to dismiss popular forms such as the soap opera as hopelessly sexist trash that brainwashed women into subservience. But now there’s a more open attitude toward television. Feminist critics are more willing to defend the soaps as a legitimate “women’s pleasure,” and they study soap operas in part to understand what’s so enjoyable about them.

Other academics, apostles of high culture, have long considered TV the embodiment of an evil anticulture and done their best to avoid it. Social scientists, on the other hand, have been extremely interested in TV, but not as viewers or fans. They have sought to determine the “effects” of the medium through large-scale statistical studies, a

CONVINCED THAT TV is too important to be ignored, academics have come to the box in search of a secret passageway to the American mind.



tives, Maddie and David, admit they’re just actors on TV?

Within the last decade TV has been getting the same appreciative scrutiny lavished for decades on movies that were cranked out no less mindlessly during the Hollywood studios’ heyday. Perhaps, as Brandeis professor David Marc has suggested, the appreciation comes when people sense an era has passed—at the end of the studio era, and now at what some see as the end of TV’s three-network era. Yet it’s curious to see scholars taking seriously the TV series that so many people still regard as trash. A learned-looking woman stands up and says, “I’ve been doing a lot of work on *Falcon Crest*,” and tries out a few ideas on the group. Everyone joins in enthusiastically, and references to *Dynasty* and *The Colbys* fly around the room like so many John Miltons or T.S. Eliots.

In another room, a dozen scholars huddled

two months later, renewing *Steele* after announcing its cancellation.) A tall Texan lectures briskly for an hour on the history of the Desilu empire—mostly on details of contracts and negotiations of 25 and 30 years ago. “There’s a helluva lot there,” says one scholar to another as the crowd files out. “Who would have known!” his companion replies, and they go off to chat about the implications over coffee. David Marc, a featured speaker, admits that he tries to see new shows and do his scholarly duty, but then a *Sergeant Bilko* rerun comes on and he’s rendered helpless. “I have to watch it,” he says, and his audience understands. They all have their obsessions.

The new academic critics are clearly fans of television, and yet they are also intellectuals. Led by film and pop-culture scholars, they’ve reversed the traditional attitude toward TV held by the ultraliterate, who have typically been disgusted



'Discoursing' the New Telejive

Want to amaze friends and have fun at parties? Then learn the new language of TV criticism. Here are some terms to throw around next time the talk turns to television.

Never, ever refer to a "show" or a "program." The term is **text**. Needless to say, texts are not watched or viewed; they are **read**. And they should always be read as something, as in "I read *Letterman* as metatelevision, don't you?" When one show rips off another, that's called **intertextuality**, which is highly prized. Anyone who says to the audience, "Hey, don't forget this is a television show" is being **self-reflexive**, and that's all to the good. Don't call anything sexist; nowadays it's **gendered**. Don't refer to types of shows when there are **genres** to talk about. Of course, talk is not talk; it's **discourse**. And if the discourse gets confusing, refer to the **multiplicity** of meanings it offers.

When you like something, you **argue for** it, as in "I would argue for Mr. T as a kind of excessively gendered negation of state authority." When someone else likes something, you can accuse them of **privileging** it. To wit: "I think you're privileging the *Dynasty* discourse as somehow more expressive than the texts that activate it." When in doubt you can call anything **ironic** and get away with it. In extreme situations, toss out the term **metatextual** and look snooty. There is nobody who knows what that means.

J.R.

gargantuan effort that has produced little in the way of clear-cut results.

The new academic critics reject both of these stances. They see the highbrow's disdain for TV as ignorant and increasingly irrelevant, especially since the newer ways of interpreting literature—"structuralism," "semiotics" and, most recently, "deconstruction"—work equally well for television. Nor are they interested in the "effects" of TV, for the theory behind "reading television" is that the medium itself has no effects. A program's effects depend on the way viewers read it.

To understand what this means one must grasp the idea of the "text," the single most frequently used word at the Michigan conference. To treat television as a "text" is to treat it as an encoded object, one that can be interpreted in different ways, read and re-read to see what it really contains.

Reading a television text means reading it *as* something: *I Love Lucy* as a drama of frustrated female desire, for example. The reader of television brings an organizing idea, a hunch or strategy for viewing a program, completely bypassing the way it asks to be viewed. (One would never read a program as "mere entertainment," for example.) This is where reading of a more traditional kind—books and articles—enters

the picture. The ideas applied to reading television are brought in from literary theory, psychology, film studies, theater, feminism or television past, and then "read into" the TV text. Thus, *Moonlighting's* David Addison can be read as a narcissistic character type, if one knows the traits of that type as first described by Sigmund Freud.

Reading television means rejecting the program descriptions as they appear in *TV Guide*. To these scholars, programs are "about" power or sexuality or consumption. They see television revealing, in a half-conscious, distorted way, larger cultural shifts such as the realignment of the American family. Television may try to encourage certain readings; when it does, it is said to be acting ideologically. But no matter which readings it may prefer, TV cannot entirely control what viewers make of the text. In this sense the "nature" of television can never be fixed. TV has no nature; it simply presents texts. Thus the professors can shift the final responsibility for TV's effects from the medium to the viewer-as-reader, and save TV "from becoming the homogenizing, monolithic, authoritarian tool that the doomsday critics claim it is," as David Marc has written.

Technological developments have made it easier to study the television text—most prominently, the videocas-

sette recorder. As University of Arizona professor Caren Deming puts it, the VCR "makes it possible to possess the text." Students of television are starting to assemble libraries of programs they want to study, and can now sprinkle their papers with references to series episodes by number and title, as if they were chapters in a book. The combined forces of syndication, cable and satellites also have made available more and more programs from television's past. The result is that all periods of TV history seem to be occurring at once. The reader of television can spot connections and note changes in genres just by tooling around the dial.

Of course, it may be asked: What does it really matter if a few hundred professors and their graduate students want to sit around watching reruns? Is "reading television" a culturally important act or just another weary academic exercise? An ingenious reading of *The A-Team* may demonstrate nothing more than the critic's own cleverness. More interesting is what happens in the minds of the millions who actually watch Mr. T. Critics' insights might shed light on the text, but what do they say about the huge audience that is reacting?

The strength of the large-scale, quantitative research into television's "effects" has always been its claim that it investigates the typical case. The social scientist says, "Here is what happens to large numbers of people when they watch television." But the results have been disappointing. We still don't know what the effects of television are. The expert reader of TV begins with a much more modest claim: "Here is what happens to me when I watch television." There are now signs that the two approaches can be combined. A recent book by Dutch critic Ien Ang, *Watching Dallas*, relies on two different texts—the episodes of *Dallas* itself and 40 letters from women who agreed to tell what they enjoy about the show. What emerges is a sketch of the show's appeal, focused not on the critic's mind but on the sometimes contradictory reasons viewers give for watching.

For example, many letter writers said they watch *Dallas* to escape. But many others said they watch because "it's realistic." The apparent conflict can be resolved by a closer reading of the *Dallas* text. On one hand the setting is pure fantasy, bearing no resemblance to how viewers live. On the other hand the characters seem "real" and viewers can identify with the characters.

Should academics ever coordinate both lines of inquiry—reading the text and measuring viewers' reactions—they may have a start on cracking TV's enduring mystery: What exactly happens to all those hours sucked up by the tube? Where do they go, and in what strange form do they make their return? ●

Morning Becomes Eccentric

CBS is betting on Pee-wee Herman to bring a new audience to Saturday kidvid

by Diana Loevy

Paul Reubens takes a long drag on a cigarette, waiting for yet another run-through on his ultra-artistic set in a lower-Manhattan studio. In uncharacteristic repose, the comedian with the slicked-back hair and carefully applied makeup looks like a sophisticate out of a Noel Coward play. But seconds later, he'll be back in character as the mischievous, falsely earnest and profoundly immature Pee-wee Herman, now starring in a new Saturday morning children's show.

Saturday morning has never seen anything quite like *Pee-wee's Playhouse*. CBS has given its 11 A.M. slot to a comedian who has, until now, acted the eccentric child for grown-ups. He and his writers fill the scripts with double entendres; the animators and designers have been plucked from New York's downtown art scene. So when Pee-wee's show turns up in a daypart overrun with cute bears, little blue people and teenage chipmunks, it seems that something funny is up.

It's a time for the networks to regroup from their steady loss of advertising to independent stations airing animated shows throughout the week. The competition is such first-run syndicated cartoons as *Transformers*, *Thundercats* and *She-Ra Princess of Power*, each now carried on stations accessible to 80 percent of viewers. All three networks had unsold Saturday morning advertising time at the end of last season, and all three have lowered their rates for the daypart this

fall. ABC has even begun to consider turning over some of Saturday morning to adult programs.

With *Pee-wee's Playhouse*, CBS is bidding for a "breakout" hit attracting adults as well as kids, though executives insist the target audience is 11 and younger. But if teens and young adults, now captivated by Godzilla movies on independent stations, switched over in large enough numbers, CBS could have a cult hit along the lines of *Late Night with David Letterman*. "Pee-wee provides the opportunity for us to cross both age and sex lines," says Judy Price, the network's vice president of children's programming. She thinks he'll draw both the little boys, who now gravitate toward action-adventure cartoons, and the little girls, who tend to prefer cuddly animal cartoons. The key is Pee-wee's endearingly obsessive personality. Says Price: "We haven't had someone come along like Pee-wee for several decades."

Or his stock company of friends, either: the local snoop, Mrs. Steve; Pee-wee's glamorous, unattainable heartthrob, Miss Yvonne; and the salty Captain Carl. They perform on a frightfully colorful set equipped with a dog-shaped chair for guests, Mr. Window, and the fridge, which is opened periodically to reveal such sights as an animated tomato dancing soft-shoe with a french fry on a staircase of butter sticks.

Any relation between Pee-wee's show and *Captain Kangaroo* is purely satirical: The Captain never had a segment called "Mutant Toys." "When Pee-wee is chroma-keyed into stock footage it's obviously cheezy," says Stephen Oakes, co-founder (with Peter Rosenthal) of Broadcast Arts Inc., the New York animation

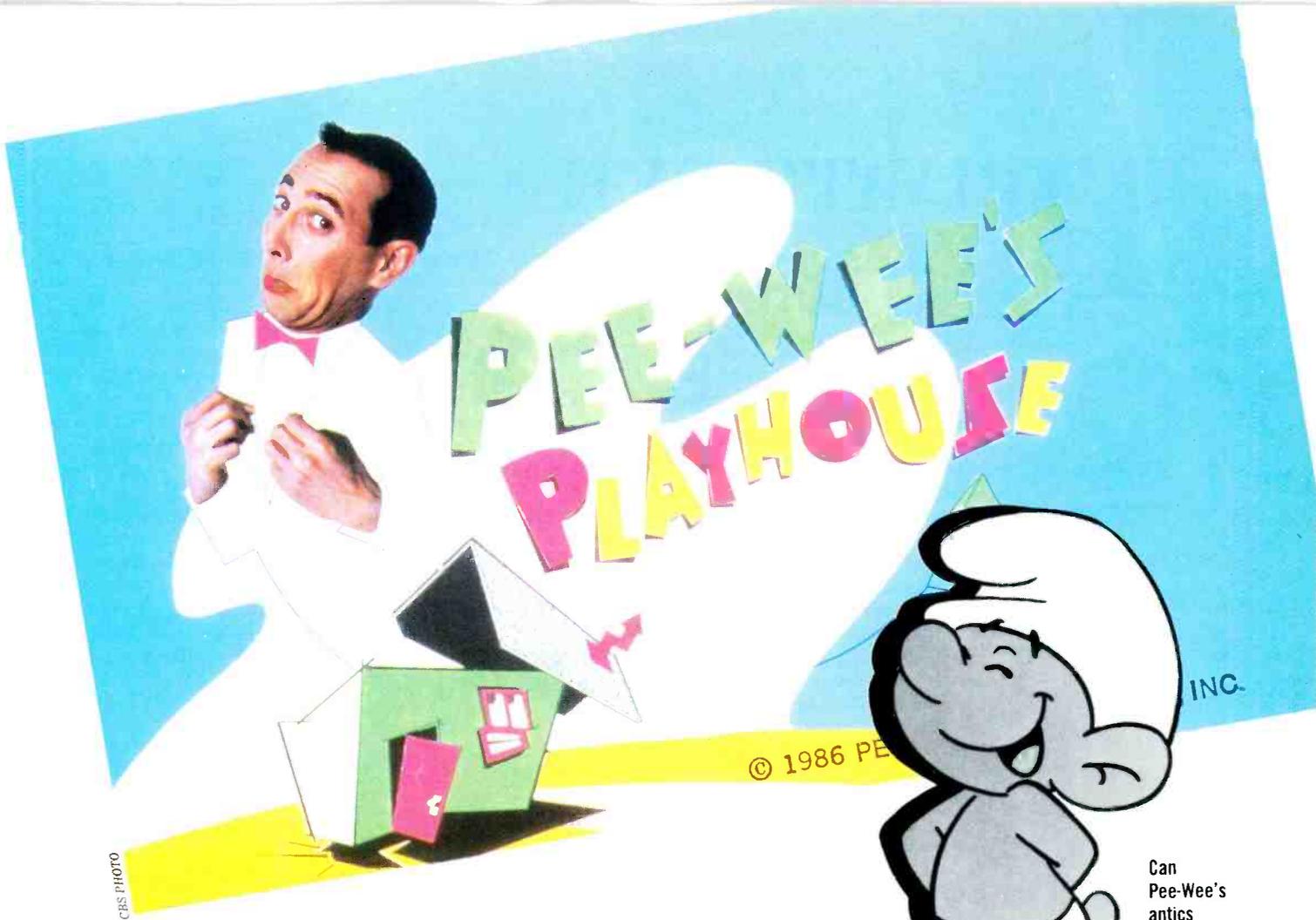
house that's producing the show for Pee-wee Productions and CBS. The show aims to amuse viewers with both the action itself and with self-conscious references to the artifice of TV production. "We want it both ways," says Oakes.

Price and West Coast children's programming director Michael Walker—Pee-wee's earliest supporter at the network—had been watching Pee-wee with special interest since his 1982 HBO special, which was virtually a pilot for the series. But Pee-wee really began looking mighty good to CBS after last summer's Warner Bros. release, *Pee-wee's Big Adventure*, grossed more than \$40 million. To develop segments of the show—on spec—CBS brought in Broadcast Arts, known for such classics as the Wendy's spot with eggs singing doo-wop style. Pee-wee signed to appear in 13 half hours.

He was joining Saturday morning's number-two network. Last fall and winter, CBS drew shares of 17 and 18, compared with NBC's 22 and 23, and ABC's 15. This year, CBS is doing well in ad sales for Saturday morning. Between them, CBS and NBC have locked up the lion's share of the \$200 million advertisers are expected to spend on network children's commercials this season, according to Paul Zagaeski of Butterfield Communications Group, a broadcast consulting firm based in Cambridge, Mass. He thinks ABC will be lucky to get a fifth of the total.

This is causing ABC to wonder, as one or another network does every year, whether Saturday kidvid is a business worth being in. ABC Entertainment president Brandon Stoddard has said that the network will be making decisions about Saturday morning early next year.

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Diana Loevy, editor of TV Update, previewed the fall season for Channels in the September issue.



CBS PHOTO

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INC.

The network is considering a half-hour news program or women's programs for late morning, says children's programming vice president Square Rushnell. (Its research indicates many women with VCRs are using the period to play back shows they taped the week before.) "We are at a real break-even point in 1986," says Rushnell. But that's not good enough. "The fact is that we are in a hit business," he says. ABC didn't have a single hit on its Saturday morning schedule last season.

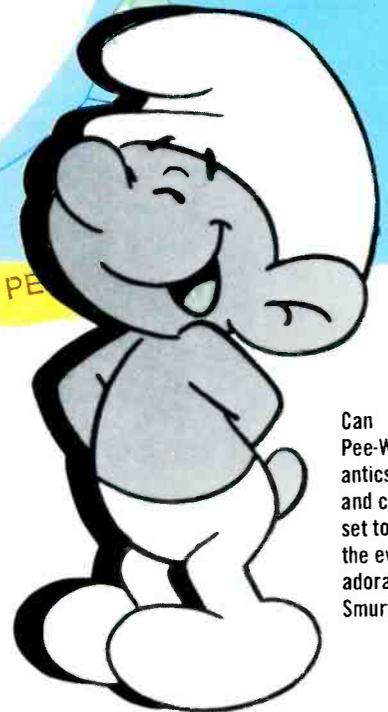
ABC and NBC programmers greet the wild goings-on *chez* Pee-wee with a great deal of skepticism. They can enumerate good reasons to continue relying on all-animated Saturday morning schedules. Animation is cheaper (averaging \$250,000 per half hour) than Pee-wee's mix of live action and animation (averaging \$325,000 or more). And Pee-wee lacks the familiarity many kids have with cartoon characters that are already starring in local toy stores. ABC's Rushnell thinks CBS will have to give mucho promo to the *Playhouse* and other new shows. "If it were my schedule," he says with playful scorn, "I'd be worried about those 'revolutionary' programs."

But the best reason to stick with cartoons is that the juvenile audience hasn't embraced a live-action Saturday morning show in years. Only CBS has tried it, each

time meeting with failure. *Pryor's Place*, *Benji* and the "Monsters" segment of Jim Henson's Saturday show were all rejected by young viewers in recent seasons. The kids have had something smaller and cuddlier in mind.

What they've wanted, and gotten, are teddy bears of various kinds. There are *Berenstain Bears* on CBS at 8, Disney's *Gummi Bears* on NBC at 8:30, the *Care Bears* on ABC at the same time, and George Lucas' *Ewoks* on ABC at 11:30. The dominant miniatures of Saturday morning, however, are *The Smurfs*, a force so potent that NBC gives them a full 90 minutes of its Saturday schedule, from 9 to 10:30. But the program may not remain a bastion of strength.

Last season's final 30-minute segment of *The Smurfs* was watched in 18.8 percent of TV homes with children, down from 23.5 percent the year before. "NBC is vulnerable because *The Smurfs* is going into syndication," says CBS' Judy Price. "It's going into its sixth season and it's still 90 minutes long, which gives kids options"—options to switch to the cute little competitors on the other networks, including two cartoon series derived from earlier hits, *Muppet Babies* on CBS and *Flintstone Kids* on ABC.



Can Pee-wee's antics and colorful set topple the ever adorable Smurfs?

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CBS thinks this is the year it could beat NBC's entire Saturday morning schedule. *Pee-wee's Playhouse* is its cutting edge. To make sure viewers know something different is happening, CBS changed the look of its whole morning—hiring Broadcast Arts to make a new set of "stay tuned" bumpers with the noisy, colorful, geometric look of MTV graphics and a mechano-pop track that repeats "Saturday morning" in a voice reminiscent of performance artist Laurie Anderson's. Last season, the Saturday morning graphics on CBS were nothing special. And its 11 A.M. slot did without an ant farm with ants that surf, and without the dinosaurs that have hula parties and, mostly, without Pee-wee Herman himself, supervising every bizarre detail.

"An animated show is a safer bet," says CBS' top Saturday-morning babysitter, Judy Price. "But 'safe' means mediocre a lot of times. There's no reason to do boring, cutesy stuff. I'd rather fail doing something good than a lot of crap." ●

PRIVATE EYE

WHY 'GOLDEN GIRLS' GLITTERS



by William A.
Henry III

The show achieves the blend of sniping and sympathy that audiences recognize from their own family life.

Perhaps the biggest and surely the unlikeliest hit of the past television season was *The Golden Girls*, NBC's comedy about four women of, shall we say, mature years sharing a household in Florida. The scripts—despite a plethora of toilet references which, my mother assures me, are apt for those who have reached the untrustworthy-bladder stage of life—restored to the intellectual desert of Saturday night a sprightliness and sophistication not seen there since the mid-1970s, when CBS anchored a knockout lineup of comedies around *The Mary Tyler Moore Show*.

Industry analysts have avidly dissected *The Golden Girls*' success—the best “market research” assays what is already pleasing audiences—and propounded a number of theories. They may all, of course, be wrong. As ABC's chief programmer Brandon Stoddard remarked a few years ago, “Most copycat shows fail because the copiers don't understand what made the original work.” The diversity of opinion about what makes *The Golden Girls* glitter reflects the split between those who believe show business ventures succeed on their content and those who think success lies in demographic coalition-building. There is some meeting ground between them. TV is a mass medium, so a good TV show is by nature inclusive. Here are some leading hypotheses:

Demographics one: Older people provide a disproportionately large percentage of the audience on Saturday night, a time when many younger adults are otherwise engaged. By providing an affirmative show centered on the 60-plus population, who are otherwise underrepresented in the prime time schedule, *The Golden Girls* pulls in a big share of the sets in use. My friend Kay Gardella, TV critic of the *New York Daily News*, adds that *The Golden Girls* appeals because it tells older women—especially those who, like the central characters, are no longer linked to a man—that they can be attractive, well dressed, well groomed, articulate, lively and ready for romance.

Demographics two: Now that *Cagney & Lacey* has broken the ground, an appetite has been unleashed for shows about women relating to each other. Women control the dial in many, perhaps most, households and they want to see more of themselves apart from the context of men. *The Golden Girls* shows women who are alone learning to cope together and discovering, despite vast differences, that they have much in common and much to share.

Demographics three: Because of changing social and economic conditions, an increasing number of Americans have experienced life as a roommate or while launching a career or perhaps as a money-saving device during some midlife crisis. In center cities and pricey suburbs, splitting the rent is fast becoming the norm. So the communal domesticity of *The Golden Girls*, with its attendant squabbles and affection, parallels the lives even of viewers who share neither their age nor sex.

Stars are everything: Plots resemble each other, situations seem much alike, a joke is a joke and nothing is new under the sun. What attracts viewers to some shows rather than others is the personal appeal of one or more of the leading players, whose company can be borne even in the privacy of one's home week after



Girls Arthur and White: Did demographics spell success?

week without respite. Three of the four Golden Girls—Bea Arthur, Rue McClanahan and Betty White—have had television series before and have built personal followings. Estelle Getty was new to most audiences, but her blunt, aggressive quality echoed the persona of stars of advertising such as Clara (“Where's the beef?”) Peller.

Gang comedy: According to prevailing network wisdom, all sitcoms must portray a family, either a true kinship unit or its home or workplace equivalent. *The Mary Tyler Moore Show* even said it aloud in the

finale episode: Her co-workers were, Mary told them, her “family.” *The Golden Girls* manages to achieve the blend of sniping and sympathy, nurturing and noise, that audiences are likely to recognize from their own family life.

My own hunch is that the key to *The Golden Girls* is the relationship between Getty as mother and Arthur as daughter. As the population ages, more and more of us find ourselves aging while having to tend to even more aged parents. Along the way, economic and political norms often become inverted: the child, not the parent, has the money and owns the house and makes the rules. Yet most offspring still want to defer to their parents. They long to maintain the maternal or paternal wall of authority, which gives a sense of remembered order to their world.

When Bea Arthur unfailingly displays respect for her mother's dignity, no matter how shocking or contentious the old lady occasionally becomes and no matter how much Arthur must labor to shut her up, the dialogue probably speaks to a great many of us. I'll admit, although my own maternal forebear is of course a saint (are you listening, Mother?), that it certainly speaks to me. ●

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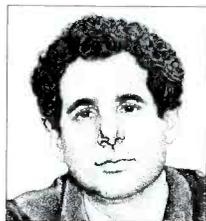
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WASHINGTON

THE HIGH COURT'S EROGENOUS ZONING



by Joel Swerdlow

Is visual obscenity more harmful than written obscenity, and thus less worthy of First Amendment protection?

The full-page ad for the new movie shows a young actress. Her blouse is open; she wears no skirt; one hip is thrust out provocatively. The copy promises she will "fulfill your wildest fantasy."

The ad appears not in *Playboy* or *Hustler* but in a recent issue of a respectable industry magazine, *VSDA Reports*, the monthly publication of the Video Software Dealers Association, which represents at least half the nation's 25,000 video rental outlets. These are the stores where you rent *Sophie's Choice* and *Dumbo*; they are also, according to an industry spokesman, "the nation's biggest purveyors of adult video material."

Although statistics aren't available, it's thought that as much as one-quarter of a typical video store's profits now comes from adult videos. And it's just this reliance on sex that makes the multibillion-dollar business uniquely vulnerable to two recent developments.

The first is the little-noticed subtext of the *Final Report of the Attorney General's Commission on Pornography*, which divides the written word from the visual image. While praising written words as occupying "a special place in this and any other civilization," the *Report* then attacks video as the chief "way people now receive erotic material." Commission staff members

insist they are not "book burners." They say nothing, however, about being tape burners.

The attorney general's report has reinvigorated many religious leaders, local officials and self-appointed zealots who were already on the move against "video pornography." Their efforts, while not attracting much attention, have often been successful. Some localities ban distribution of anything too hardcore to receive a rating, and many require government permission before stores can rent videos showing naked buttocks or female breasts. This latter restriction has curtailed the rental even of some mainstream hits, such as *Splash*.

The battle is clearly just beginning, and video dealers may soon face more than local religious groups and anti-porn crusaders. They may, in fact, soon find themselves fighting the same battles about sex and violence that have engaged the broadcast and cable industries for so long. National Cable Television Association president James Mooney, for example, recently told a Senate hearing that "if what the [Judiciary] Committee really is trying to get at here is excessive violence in entertainment media [Congress must also examine] movie theaters and videocassettes. . . ."

The second development affecting the video business is the Supreme Court decision earlier this year in *City of Renton vs. Playtime Theaters*. Traditionally, the Court has granted bookstores and video shops equal protection under the First Amendment, upholding zoning restrictions on "adult" businesses only when they adversely affect property values. But in *Renton*, the nation's highest court ruled that a local government can impose zoning that has the practical effect of eliminating all "adult motion picture theaters" in a community—defined as buildings used for the presentation of "motion picture films, videocassettes, cable television or any other visual media" that emphasize sex. The majority opinion was written by William Rehnquist. In his dissent, Justice William Brennan said the zoning ordinance "greatly restrict[s] access to lawful speech."

Renton strongly suggests that a Reagan-dominated

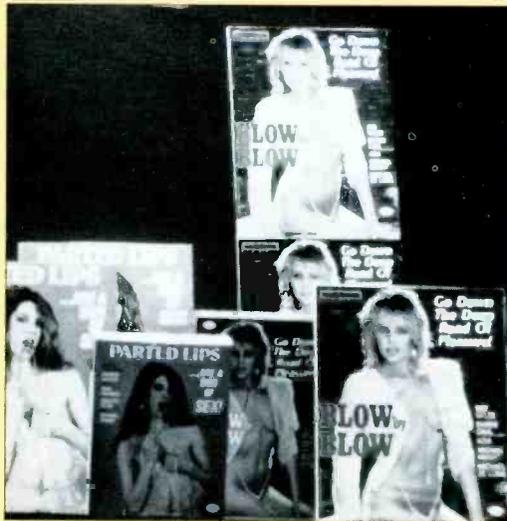
Supreme Court might allow the suppression of what it perceives as pornography through a liberal interpretation of the phrase "adverse effect on property values." It also raises the possibility that the Court might determine, as the Meese Commission has, that visual obscenity is more harmful than written obscenity, and thus more unworthy of First Amendment protections.

How well equipped are video dealers for such battles? In addition to censorship, the VSDA has a long list of public policy issues—including copyright, piracy and IRS depreciation schedules for rented videotapes—

that are vital to its members. Yet it has no political action committee, no lobbyists and virtually no visibility in Washington. Associations representing most other communications industries have headquarters in the capital; VSDA has its in Cherry Hill, N.J.

But the VSDA does have active members in every state and a huge constituency—millions of people who regularly rent videos. It has also retained one of Washington's most respected attorneys, Charles B. Ruttenberg, who was first chief counsel for the National Endowment for the Humanities and Arts under Lyndon Johnson, and who promises that "the VSDA will fight" censorship anywhere in the country.

If zoning laws or other means were used to keep bookstores from selling James Joyce or Henry Miller—who were once suppressed by anti-pornography activists—an outcry would result. But if videostore owners are pressured to remove certain titles from their shelves or face rezoning, that may not attract much attention. Video dealers deserve support, even from those who don't recognize the importance of video in our society. Inside every video burner lurks a frustrated book burner. That seminaked actress may not be attractive to everyone, but she is worth fighting for. ●



X-rated videos: The cash cow becomes an albatross.

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HOLLYWOOD INC.



by Patricia E. Bauer

First-run syndicated sitcoms are the latest trend in a trendy town: programming devised not by the creative community but by the M.B.A.s.

CUT-RATE COMEDY CHIC

We've all seen them, sandwiched between the local news and prime time, looking a little like the sophomore-class play: corny jokes, phony special effects, grown men wrestling with plastic lobsters. Hey, this isn't the public access channel, is it?

No. It's the wave of the future, or so everyone in Hollywood is saying: the first-run, syndicated sitcom. In a trendy entertainment town, this is the latest trend—a curious new breed of programming devised not by the creative community but by the M.B.A.s.

Not long ago, viewers of early evening television had their choice of the tenth rerun of *Three's Company* or the twentieth rerun of *M*A*S*H*. But when

the supply of these off-network sitcoms started to shrink and their cost went through the roof, local stations started looking for other sources of programming. The boomlet in first-run sitcoms really got serious last year when the New Program Group, a consortium of independent station owners, began producing shows of its own. Working together, the stations theorized, they could bypass the networks, keep costs down and assure themselves a steady stream of programming. The result was *Small Wonder*, a weekly half-hour show about a little robot, which has been among the ten top-rated, first-run syndicated programs over the past year. At the same time, other syndicators started picking up canceled network shows such as *It's a Living* and *Too Close for Comfort* and creating new episodes for them.

Now a mob of producers and syndicators is trying to elbow the networks away from the financial trough, and has created more than a dozen first-run syndicated sitcoms that are competing for airtime this fall, including Taft and Worldvision's *Throb*, with Diana Canova, and Lorimar-Telepictures' *One Big Family*, with Danny Thomas.

The local stations are definitely interested. They figure that if they cut the networks out of the financial equation, they will pay less for sitcom programming up front and get more profits when they have enough episodes to "strip" (show every weekday at the same time). This is particularly vital to independents, whose financial and marketing strategies rely heavily on sitcoms, but it's also important to the large affiliates, which are prohibited by the Federal Communications Commission from running network-produced shows in the hour before 8 P.M.

National advertisers are looking to syndicated sit-

coms for bargains—ad rates as much as 20 percent below network sitcoms. And networks are watching nervously because syndicated-sitcom ad revenues come straight out of their pockets.

Clearly, first-run sitcoms are a serious business. But are they good television? Some are. But many have been produced on a shoestring, as syndicators try to trim production costs. They're made for a fraction of a network production—some for as little as \$100,000 per half-hour episode, compared with \$350,000 to \$500,000 per episode for a network show. And while money may not guarantee quality, lack of it can be obvious.

Some of these cheap shows look it, with lighting reminiscent of auto headlamps, and sets that look like,

well, sets. *Down to Earth*, about an angel-turned-housekeeper, is supposed to take place in heaven; it looks more like a basement rec room covered with white spray paint.

"Some of the production values are just dreadful," says Rosemary Berry of D.L. Taffner, presumably referring to competitors. (The plastic lobster, by the way, appears in the opening credits for one of Taffner's shows, *Check It Out*.)

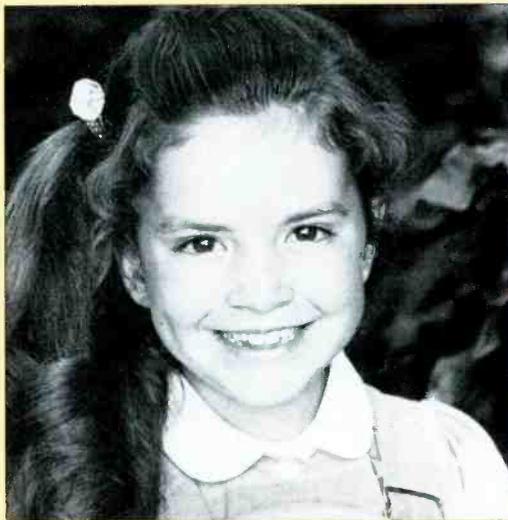
And, oh, the scripts. A recent episode of *The Ted Knight Show* had the family trying to get a lion out of the kitchen. And then there were the two blind men

who accidentally switched guide dogs on *Check It Out*. Backers say the shows are "simple" because this is "family television" and advertisers like the family audience, especially women 18 to 49, who are big spenders.

Considered in that light, corny television may be very good business indeed. *Small Wonder* is carried on stations covering 90 percent of U.S. TV households, and has big-time advertising from Procter & Gamble, Kellogg, Bristol-Myers and Kraft.

But the real question is how long American audiences will put up with low quality. So far, *Small Wonder* has been placed in fairly protected time slots and still hasn't done that well. The show has national ratings between 5 and 7.7—not bad for syndication, but not good by network standards. Industry watchers are expecting a shakeout by winter.

First-run syndicated sitcoms have cleared the first hurdle: They're on the air. Now they'll have to compete for an audience. Viewers may come out the winners, though, as a changing economic picture makes for more programming options. For now, the most that can be hoped for is that the syndie producers go easy on the plastic lobsters. ●



Tiffany Brissette plays a little robot on *Small Wonder*.

by Michael Rips

In France, Hunting for *Les Bons Mots*

Wheel of Fortune it ain't, but a French game show is regarded with much the same fervor.

To an American bred on hyperactive, dim-witted game shows, *Des Chiffres et Des Lettres* (Of Numbers and Letters) and its mass appeal are unfathomable. Of the French quiz show's 20 minutes, a long 15 are spent in dead silence, while the contestants ruminate on arcane words and mystifying numeric formulas. Despite this, it has been broadcast for two decades and in the past few years has gained great popularity with everyone from Parisian intellectuals to Alsatian farmers. Some have formed *Des Chiffres et Des Lettres* clubs whose members watch together and play along. Nearly half the adult population of France watches the show's finals—a larger audience than the one for the finals of soccer's most recent World Cup in 1982 (the European equivalent of the Super Bowl).

The game begins with the random drawing of cards bearing nine letters. Then follows the meat: The two contestants, studio audience and staff silently struggle to construct a word using the given letters. During the silence, the camera scrutinizes the contestants as they stare at the letters, as well as the staff, which appears to be thinking, and the studio audience, which displays a catalogue of expressions associated with deep concentration: squinting, pencil chewing, tongue biting, head scratching. After what seems an eternity, the contestants give their answers and get points for the length of their words. Not infrequently, the winning contestant's effort is topped by someone in the studio audience, often a schoolchild, who jumps

.....
Michael Rips, a writer and attorney in New York City, lived briefly in Paris last year.

up to announce a word longer still, invariably eliciting dismissive titters from those on stage and applause from the studio audience.

After two rounds of this, the game turns to *les chiffres*. A stylish woman named Benedicte triggers a machine that produces a cut-out of a three-digit number. Then she quickly and casually selects six additional numbers, the object of the game being to combine any or all of these six numbers—through subtraction, addition, multiplication or division—so as to arrive at the three-digit number. The selection of the numbers is followed by a sink of quiet; again the probing camera records the anguished expressions of the French in deepest concentration.

The show's popularity has made celebrities of its four staff members: the immensely self-satisfied host, Patrice Lafont; Benedicte, a game show Princess Di, whose increasingly exotic attire has become the talk of France; Jo, who looks up words in *Larousse*; and Bernard, who looks them up in *Le Robert*. (The show once used only *Larousse*, but the publishers of *Le Robert* complained, so their dictionary was given a role.) Having large amounts of time with nothing to do, the cast members quibble over the trivial and display the kind of eccentric mannerisms one expects to see in a home for the aged.

What explains the phenomenal success? Beatrice d'Erceville, a journalist, commentator on French society and devotee of the show, describes it as "the latest in a long tradition of tests in which the French demonstrate, as well as collectively reaffirm, their affection for their language." One of the tests to which she refers, the dictation, is familiar to French schoolchildren from a very young age. Teachers read to students from literary works and grade what they copy down, thereby probing their knowledge of the idiosyncrasies of French grammar, spelling and conjugation. Dictations also have long provided a pastime for French adults. One of the most notorious dicta-

tions, says d'Erceville, is taken from the *oeuvre* of Prosper Mérimée, the 19th-century author of *Colomba*. The French still enjoy bandying about the names of well-educated historical figures, such as Napoleon III, who did rather poorly on the Mérimée dictation. And these days it would not be at all unusual for the host of a dinner party to trot out this or some other difficult passage as a sadistic form of after-dinner amusement.

Some who seek to explain the show's popularity are not as kind as d'Erceville. They contend that the show is simply an embarrassing indulgence in what the French consider their most prized talent: the ability to think and speak as quickly and as glibly as possible. Indeed, many contestants on the show spend years memorizing obscure words from the dictionary, never bothering to learn what the words mean. This trait may be traced to the 19th century, when French parents believed that verbal fluency would help their children rise through the social hierarchy. The skill proved of little use owing to the rigidity of French society, but the myth of its importance survives.

"The French are an intensely competitive people," observes Suzanne Sabatier, an etymologist and collector of dictionaries. The program is so popular, she says, because it lets viewers compete on their *terrain de prédilection* (favorite field), the French language. A member of a *Des Chiffres et Des Lettres* club not only competes against the contestants and the studio audience but can humiliate a neighbor in his own living room. The will to compete also explains why would-be contestants spend years preparing for the show, even though only the year's champion receives any award.

For readers interested in *Des Chiffres et Des Lettres* (and it is by no means recommended by this writer), it airs throughout France on Channel 2 at 6:50 nightly. If you are in Paris and find yourself worrying that Western civilization may finally have devolved into a homogenized mass, tune in and dispel your fears. ●

PROGRAM
NOTES

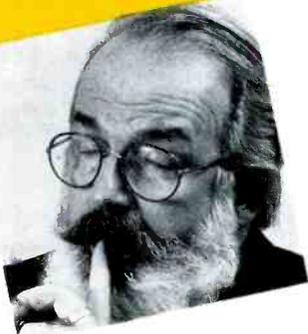


The Eye of the Storm

'I've had 17 exhilarating years with the network,' says CBS News president Van Gordon Sauter, 'and one truly harrowing year—this one.'

The end came suddenly, but few were surprised. On September 11, the day after the CBS board purged chairman Thomas H. Wyman and brought William S. Paley out of retirement to replace him, News President Van Gordon Sauter himself abruptly resigned. Like Wyman, Sauter had been associated with the setbacks the network has suffered over the past 18 months, and his leadership symbolized to many all that had gone wrong at CBS during a period of transition. During his first term as news president, from 1981 to 1983, Sauter was criticized for moving the division away from hard news in favor of softer regional stories, but the CBS Evening News remained number one in the ratings for four years. Since returning as news president last December, Sauter has once more been surrounded by controversy.
CBS Evening

SOUND BITES



News has frequently finished behind NBC in the ratings, the network experienced difficulties launching its new magazine show, West 57th, and in August it abruptly canceled the CBS Morning News after a last-ditch effort to revamp the show. Three weeks before his departure from CBS, Sauter sat down with Channels editors to discuss the changes sweeping through the television news business.

THE FLAP OVER THE MORNING NEWS

For 30 years, the *Morning News* existed as the second- or third-place broadcast because the overall economy and the nature of the industry allowed it to continue regardless of its ratings. But about four years ago, as the environment began to change in the industry, every time-period became significant, and that significance has accelerated at an incredible rate. The basic dilemma of the *Morning News* was that the affiliates became totally disenchanted. They need to package their local sales as their competitors do very effectively with *Today* and *Good Morning, America*.

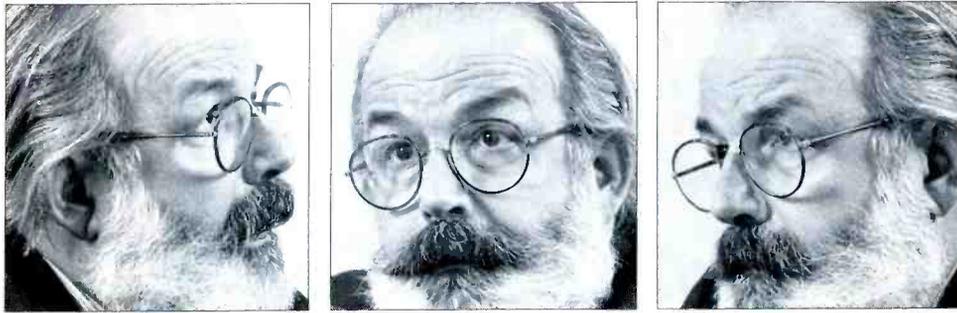
At the same time, the broadcast was losing a substantial amount of money. We performed very well with the people who watch for 12 minutes and then leave. Unfortunately, the ratings are determined by those who join the television set and stay there, and with them we were absolutely noncompetitive. That audience is primarily women who spend a good portion of the day at home. They are not news-oriented. They found our broadcast, no matter what we put in it or who we had present it, to be very newsy. Their primary interest was informational entertainment. Over the last four years we took the broadcast as far as we could,

but even Phyllis George was unable to change the conventional perception of the *CBS Morning News*.

We tried yet again to retool it and hired the best person, Susan Winston, for the task. But after considering all the options, I reached the conclusion that we had nothing that was going to improve our position. Then we decided to create a new unit to look at the 6 A.M.-to-9 A.M. period not as a broadcast, but as a time period. We envision there a role for the news division that will be more consistent with what it does well. So, we attempted to save the *Morning News* and were unsuccessful, but I would have rather made the effort and paid the price than dumped it without exploring alternatives.

"HIGH ANXIETY" AT CBS

The problems that concern me most are the difficulties within the institution that have arisen from the *Morning News* episode and two sets of very serious layoffs, compounded by strenuous and unyielding budget controls. Put those together and you have a circumstance where morale has plummeted. That is compounded in turn with very serious questions about the ownership of the institution. This situation has not, to date, diminished the quality of the journalism or the public attitude toward the broadcasts. Yet, within the organization there is considerable distraction. If there is not some resolution to these problems, the situation could ultimately affect the journalism and the broadcasting. What is said in *Time* or by [*New York Daily News* columnist] Kay Gardella is not going to have any impact on what we do. What *does* have consequence is what our people think of themselves and the institution for which they work. We're dealing with a company



'I don't know if the outside world appreciates the anxiety that the ownership issue has created within CBS News.'

that has a very high anxiety level.

CBS OWNERSHIP

I've had 17 exhilarating years with CBS and one truly harrowing year, this one. I don't know if the outside world fully appreciates the anxiety that the ownership issue has created within the organization. There is very little any manager can do to alleviate it. People came to CBS News with expectations of a certain set of values. While we were out covering the turmoil of the world, we could come back to this marvelous haven that protected us from the uncertainties of the outside. When suddenly you don't know who is going to own and run your company, that becomes a source of considerable concern. A manager just can't answer every rumor in the media—such as so-and-so had dinner with Larry Tisch last night and told somebody else, who told the maid.

THE JOB CUTS

We eliminated 124 jobs last year and 90 jobs this time. The basic standard we applied was: What can we best do without? These were the jobs or the people that we felt would least damage the institution if they were no longer there, which is a terribly harsh thing to say and very hurtful to the people involved. It will be very difficult from this point on to extract more jobs.

"THE GREAT SATAN"

I had told the people here that our ratings were going to deteriorate during the summer and that during some weeks we would end up in second place, even third. It's not that we have a flawed broadcast. When we made the substantial changes in the *Evening News* four and a half years ago, the other two networks derided us.

Some people at CBS saw me as the Great Satan. But now the other two networks have emulated our broadcast. The differentiation between the three news broadcasts is not that great now, and that's a problem. And the success of NBC in prime time and the morning has created a broad halo effect which has been very beneficial to the *NBC Nightly News*. When you have that huge a disparity in the overall ratings, I say the *Evening News* is doing quite well. As CBS's prime time performance improves this fall, we're going to pull ahead, but not by the margin we enjoyed two years ago.

A NEW DIRECTION AT THE *EVENING NEWS*

We decided five years ago to move our focus away from Boston-New York-Washington. We're telling stories from the perspective of the people who are being affected by the news. We still have a massive bureau in Washington, and those people get on the air with great regularity. But to be effective we have to tell stories in a way that our audience can grasp. The greatest threat to our credibility is not Westmoreland suits; it is telling people stories they don't understand. We cannot simply be a wire-service listing of the top 20 stories of the day. The volume of local news has increased dramatically, and we can't assume that viewers are coming to the network evening news with no knowledge of what's going on outside their hometown.

LOCAL TV NEWS

Local news is the most democratic form of communication in this country today. The elements in local news that all the pointy-headed people complain about are actually populist attributes. We are not *The New York Times* or *The Washington*

Post. We are a mass-circulation news organization and we have to appeal to the totality of our society. I've hacked around local news for years and have met some very good journalists and some pretty mediocre journalists, exactly the circumstances at newspapers. Somebody should pay attention instead to local newspapers, many of which exist as monopolies.

WHY CBS MAKES NEWS

We're a very public group and we have a lot of people who walk around with megaphones. We can live with that. The other two networks also are deserving of attention, but they don't get it. For better or worse—and I hope this doesn't sound like self-adulation—I think that our history and people are infinitely more interesting than theirs, and we have infinitely more compelling squabbles. Unless you eliminate everyone from decisions, you're going to have leaks.

THE SAUTER LEGACY

I'm not concerned about a legacy. I feel very confident about the ability of the people I have put in place to ensure our standards and values. What's important is how we adapt to the new world of competition, fragmented audiences, declining revenues and soaring costs and instability about ownership. That's where I think my personal success or failure will be measured. For years, after the *Evening News* broadcast, I would go down to the fishbowl and haggle and yell and scream and congratulate and admire each broadcast. I don't have time to do that anymore and I find that dreadfully distressing. For much of the last year, the issues at CBS News have not been editorial. They are outside the editorial sphere and their resolutions will profoundly impact the continuation of our editorial quality. ●

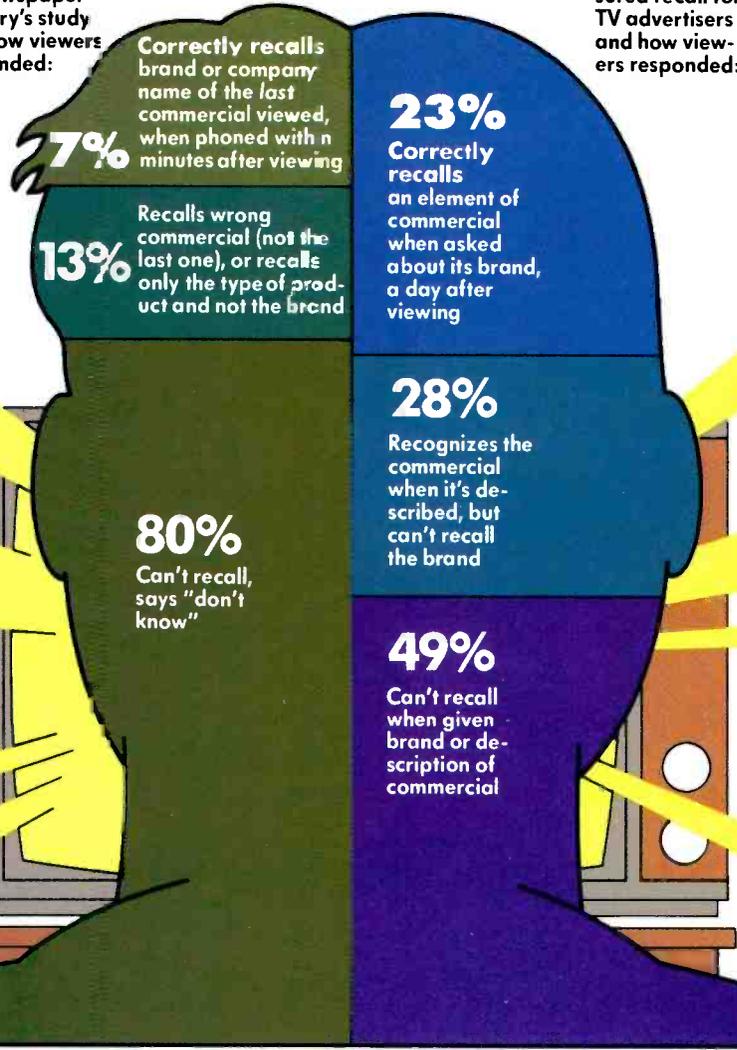
RUNNING THE NUMBERS

How recall was measured for the newspaper industry's study and how viewers responded:

How Burke has generally measured recall for TV advertisers and how viewers responded:

How well do viewers remember TV ads?

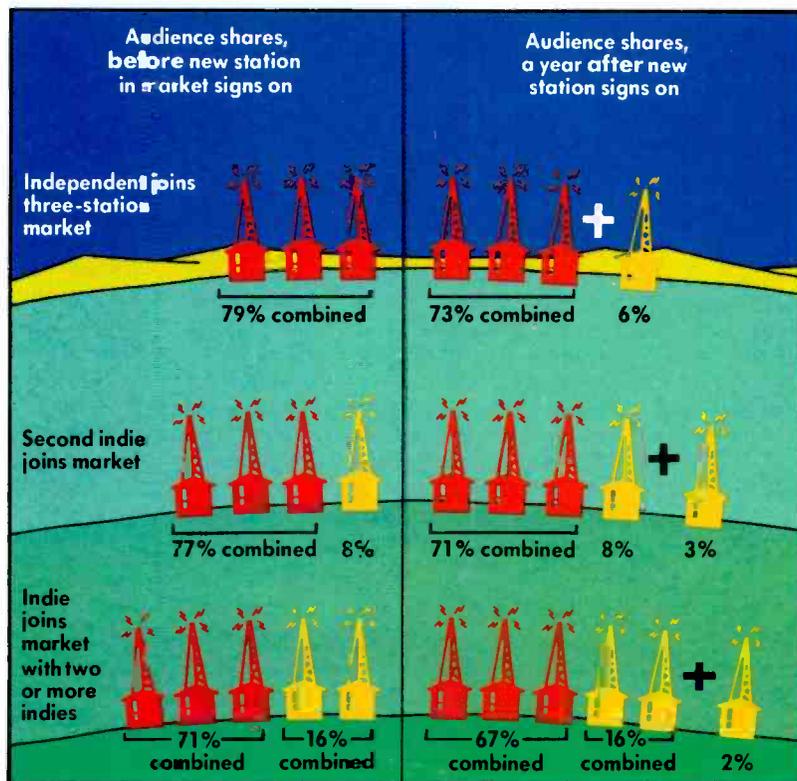
How many viewers remember a commercial after it's over? It depends on how you ask them. The Newspaper Advertising Bureau, for instance, recently announced results of a study it designed and commissioned, asserting that very few viewers recall TV ads. But the same major research firm that performed that study, Burke Marketing Research, provides very different findings to television advertisers checking their ads' effectiveness. The discrepancy grows out of methodology that makes quite different demands on viewers' memories.



Whichever study seems the fairer test, it hides much of the truth in statistical averages. While the more optimistic Burke research says an average 23 percent recall commercials, the actual range is immense. There were some dull commercials no one recalled, while 73 percent remembered Ralston Purina's Meow-Mix cat food ad with the singing felines. (Sources: six-city 1986 study for Newspaper Advertising Bureau; 1976-85 average from Related Recall Norms, Burke Marketing Services.)

When indies sign on, who gets hurt?

The network affiliate stations that were already in town, that's who. On average, when a new independent signs on, the combined share of the three pre-existing network stations drops — while the shares of pre-existing *indies*, if the market already has any, stays the same. For instance, when a second indie signs on, the market's first indie has kept, on the average, its 8 percent audience share. Why? George Feldman of Katz Television, the big ad rep firm that compiled these figures, thinks the affiliates



CHARTS BY ROGER CCEMAN

lose the most audience simply because they have the most to lose when a new viewing alternative hits town. Of course, the new indies take pretty small nibbles out of the older stations' audiences. Many markets are getting crowded: 39 new indies since 1980 joined markets where two or more already existed; 27 signed on where there was already one other indie. In the '80s, more than 150 new stations have signed on so far—all but a score of them indies. (Source: Katz Television Group. Shares are percentages of viewing households in the market.)

■ Network affiliates
■ Independent stations

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