

LIBRARY

NAB LIBRARY

WEEKLY

Television Digest

OCTOBER 2, 1961

OCT 2 1961 © 1961 ALBERT WARREN FOR TELEVISION DIGEST, INC.

NEW SERIES VOL. 1, No. 3

Albert Warren, Editor & Publisher

Wyatt Building, Washington 5, D.C., STerling 3-1755

The authoritative service for executives in all branches of the television arts & industries

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast

LEE PLAN FOR VANISHING V'S envisages giving Ch. 2-8 in to-be-deintermixed markets to Safety & Special Radio Services. FCC majority support not likely (p. 1).

NBC-NIGERIAN TV TIEUP bringing 16-man U.S. team to start 2-area service early next year. Five hours daily initially, spots to be sold (p. 2).

GE'S SATELLITE COMMUNICATIONS WITHDRAWAL understood to mean GE believes FCC predisposed toward international common carriers. Also, it doesn't want to be accused of delays (p. 2).

SPONSOR INFLUENCE—AND FCC'S ROLE—explored via N.Y. network hearing. Most major sponsors candid about script-influencing to preserve sales (p. 3).

IMPROVING CLIMATE FOR TV-RADIO NEWSMEN shown as RTNDA meets in Washington to discuss govt. interference, editorials, public affairs programming, etc. (p. 3).

Consumer Electronics

16-IN. BONDED TUBE with lightweight bulb may be next development in TV. Corning bulb now being sampled to industry. Two more set makers due to offer 27-in. sets (p. 5).

EUROPEAN TV INDUSTRY far outstrips U.S. in automation, top-level RCA team finds on inspection tour. High productivity, full employment, development of common market seen as good signs for U.S. (p. 7).

FORD STILL MULLING Philco's future. Chmn. Henry Ford 2nd declares "We do not plan any moves as of now, but we make no guarantees of any kind" (p. 6).

COLOR SET SALES of one million a year, total TV sales of 7-7.5 million, within 5 years predicted by Zenith Pres. Wright (p. 6).

PHONO SALES SLUMPED in July 15% below year-ago figure, EIA reports, with unduly high percentage of mono sales. Manufacturers optimistic for fall-winter season (p. 8).

JULY PICTURE TUBE SALES set 7-year low for any month in units, but not in dollar volume (p. 8).

REPORT TO SUBSCRIBERS: Approximately 75% of you have already indicated distinct desire for continuing to receive our services—by promptly returning the authorization forms or cards. And they're still arriving at brisk clip. If you have returned one, ignore the card accompanying this issue; service will continue to you regularly from now on.

We intend to merit this vote of confidence. We're still cleaning up "fallout" involved in transition from predecessor Triangle Publications—which has done everything in its power to ease changeover. We have one area of regret—inability immediately to respond to literally hundreds of letters. Time will remedy that. Business has resumed at old stand, Wyatt Bldg., with same phone, Sterling 3-1755.

LEE PLAN FOR VANISHING V'S: FCC's firmest uhf advocate, Comr. Lee, knows what he'd do with the vhf channels which would be taken from the 8 markets Commission proposes to deintermix. He'd give them to non-broadcast users.

His idea hasn't been made public, and his colleagues haven't gone along with him so far. Speculation within Commission is that he won't get majority support, even in rule-making to solicit industry comments, though his adherents insist situation isn't so cut and dried.

Lee would apply plan only to Ch. 2 through 8, not touch Ch. 9-13. He'd give deleted Ch. 2-8—in such markets as Madison, Rockford, Hartford, Erie, Binghamton, Champaign, Columbia and Montgomery—to mobile 2-way radio users in Safety & Special Radio Services. He'd wrap up new users in all kinds of limitations to

insure no interference to other Ch. 2-8 stations. For example, only "base" (stationary) stations in 2-way services might use TV frequencies, while mobile units would continue with non-TV frequencies—thus eliminating danger of mobile units invading other Ch. 2-8 areas.

Lee is said to believe he can gain support from vhf stations—on theory that pre-emption of Ch. 2-8 in certain areas by non-broadcast users would block possibility of dropping in short-spaced Ch. 2-8 stations to slice coverage of nearby co-channel and adjacent-channel stations. Support is also expected from big industries which have been lobbying for more vhf space through National Assn. of Manufacturers—plus police, fire and other safety services.

On political front, meanwhile, all trumps seem to be held by vhf forces resisting deintermixture. Thunderous political power has been commandeered in Congress and in states affected (Vol. 1:2 p1). However, Commission has decided to go through rule-making in conventional fashion, accepting comments and reply comments—turning down petitions asking it to admit error now and rescind rule-making altogether. Whether deintermixture will finally take place is something else. There's distinct possibility Congress may lift matter bodily out of FCC's hands, block proposal by flat law or resolution.

Parties in proceeding—and FCC itself—have nice legal question on hands when it comes to discussing deintermixture. FCC has announced that no off-the-record approaches may be made in the 8 cases. On other hand, no such strictures have been invoked in over-all "help-uhf" rule-making. Then, the over-all proceeding has been "incorporated by reference" in the 8 cases. So what can you discuss freely with commissioners and staff? No one is sure, yet.

NBC-NIGERIAN TV TIEUP: Quiet world-wide scouting, planning and negotiating by U.S. TV entities bore more fruit last week when NBC and Nigerian govt. announced that the former was sending 16-man team to the country in mid-Nov. to establish a national system.

From capital Lagos last week, NBC Chmn. Robert Sarnoff and Nigerian Information Minister T. O. S. Benson described plans, including early 1962 start with coverage of Lagos and Ibadan 5 hours daily. NBC said it is "first U.S. broadcasting company to establish a long-term relationship with an African nation."

Alfred Stern, NBC International Ltd. chmn., in Lagos with Sarnoff, said programming will be: One hour of basic education, agriculture and scientific information; the balance news, public affairs and entertainment. Shows will be locally originated and imported—and spots will be sold. Eventual goal is coverage of whole population, 35 million. NBC said agreement resulted from a year's planning.

U.S. TV entities, including multiple owners as well as networks, have been probing virtually all non-Communist-bloc nations for TV potentials, making tieups. Central America was an early hunting ground. Africa and South America are said to be particularly fertile—and pioneers are breaking ground today.

BEHIND GE'S SATELLITE COMMUNICATIONS WITHDRAWAL: When GE told FCC last week it decided not to fight any longer for a common carrier position in space communications—withdrawing its pending applications—immediate assumptions at FCC and other Washington quarters were:

(1) GE is convinced that Commission has built-in predilection toward giving preference to international common carriers, despite disclaimers.

(2) If U.S. is ahead of Russia in any event of space race, it's in communications. Therefore, GE, which has suffered enough opprobrium from price-conspiracy anti-trust convictions, isn't about to risk accusation of slowing progress by fighting for a carrier position.

So—GE vp George L. Haller told Commission company will "concentrate on its traditional role as a manufacturer of space vehicles and allied equipment." Chmn. Minow thanked him for GE's contributions "of substantial value" to date, said he hopes for company's continued "active participation."

Importance of space communications to President Kennedy was underscored in his UN speech last week when he said U.S. would "propose a global system of communications satellites linking the whole world in telegraph, telephone, radio and television." He envisioned day when UN proceedings would be televised to "every corner of the world" via satellites.

Kennedy's science adviser James Wiesner echoed his chief later in week, in speech before Radio-TV News Directors Assn., saying U.S. "is the strongest scientific nation in the world" and predicting "direct broadcasting from satellites in foreseeable future."

SPONSOR INFLUENCE—AND FCC'S ROLE: As parade of blue-ribbon TV advertisers described their "hands on" or "hands off" policies re network programming, in FCC's hearing in N.Y. last week, fundamental question was raised as to Commission's business probing network-sponsor relationship.

There's no question that Commission has power to examine relationship. But its power to do something about it, if it doesn't like it, is something else. Fact is, there's considerable affection for "magazine concept" at Commission. Some people there believe advertisers should buy time, have nothing to say about programs, leaving networks (and stations) free as birds—and completely responsible for their output. Others there assert that there's considerable magazine concept in the business already, through multiple sponsorships, and that big spenders are always going to have influence—no matter what kinds of rules or laws you write. They also note that print media are not without advertiser influence. Difference is that no govt. agency can get them to testify to it in hearings.

Commission frankly doesn't know what will emerge from current hearings. Last phase, after advertisers' testimony, will be examination of network policy makers themselves. Then Commission will digest whole mass of programming-process testimony, report to Congress. Commission has already asked for power to apply rules directly to networks, instead of merely to stations. At height of quiz & payola scandals, there would have been strong chance of bill's passage. Heat's off now, and Congress is much less likely to give FCC all it seeks or may seek. Commission isn't likely to ask for less; rather, it will request more regulatory power.

Witnesses for huge TV advertisers—such as Proctor & Gamble, General Motors, Alcoa, Brown & Williamson Tobacco—made it abundantly clear that they don't permit anything on their shows which might antagonize people or disparage their products. They were candid in describing specific instances of altered scripts. Reason: It just isn't good for business.

But Bell & Howell is the leading maverick. Its witness flatly disagreed with fellow sponsors. Not only does B & H love the tough, controversial, public affairs shows (discrimination against Negroes, for example) on principle—but it found that they produce sales, increasing company's share of the market. Standard Oil has similar policy, its witness stating: "We considered it as somewhat pretentious and unrealistic to set ourselves up as arbiters or censors in the field of drama in our democratic society."

IMPROVING CLIMATE FOR TV-RADIO NEWSMEN: Radio & TV newsmen—once mere step-children or non-existent outside of networks—demonstrated growing stature in New Frontier public-affairs climate as Radio-TV News Directors Assn. met in Washington last week. Highlights:

(1) Fight govt. interference, Pres. Bill Monroe, NBC Washington, urged members. "Broadcast journalism has more to offer the American people," he said, "than the govt. regulators have to offer them by methods of official persuasion." He noted, however, that FCC Chmn. Minow not only encouraged editorializing but accepted in good humor stations' editorials against his "wasteland" speech.

(2) Ex-pres. Russ Van Dyke, KRNT-TV Des Moines, also talking about editorials, put finger on basic difference between broadcasting and print: Govt. licenses former. He asked: "Would a station involved in FCC hearings editorialize against Chmn. Minow? Or if, in all honesty, it wanted to come out for Mr. Minow, wouldn't this be misunderstood and thus weaken the whole broadcast editorial function?" A TV workshop session emphasized fact that few stations are adequately staffed to research for editorials.

(3) Public affairs programs are fine—but community must be organized to follow up on them. That was thesis of Westinghouse Bcstg. Co. pres. Donald McGannon. He called attention to forthcoming WBC approach in Baltimore: "Focal Point," which is "the very tight interrelation between a thoroughly organized community-structure and a series of related TV programs."

(4) Reportorial qualifications of man-who-gives-the-news means little to public, a radio workshop concluded. Personality, showmanship—that's the thing.

(5) Income from news, in addition to prestige, stressed by Corinthian Bcstg. Co. pres. C. Wrede Petersmeyer.

CURRENT CAPSULES: More to come in Congress: The first session of the 87th Congress ended with enactment of only 2 major broadcasting measures—FCC reorganization (Vol. 17:35 p3) & sports TV (Vol. 1:2 p3)—but House Commerce Committee Chmn. Harris (D-Ark.) promises more action in the 2nd session. His legislative agenda includes: (1) Deintermixture. (2) Network regulation. (3) License trafficking. (4) Clear channels.

Easier logging rules are in works, FCC Broadcast Bureau Chief Kenneth Cox assured Federal Communications Bar Assn. luncheon meeting last week. He told lawyers Commission is receptive to showings on "burdensome" aspects of FCC's proposed rules. However, he added, more lenient rules will require "fair dealing" on part of stations. As for FCC's authority to elicit information: "Don't waste your powers on false skirmishes regarding problems with First Amendment questions. FCC needs information on programming to do its job. It's simply trying to improve existing tools." He said broadcasters should worry when Commission tries to force or suppress programs. "I don't expect to see that arise," he said.

FCC-broadcaster program-form meeting Oct. 6, 2 p.m., arranged by NAB Pres. Collins (Vol. 1:1-A p2), will feature 16 top-notch broadcasters, including NAB TV board Chmn. Dwight Martin, WAFB-TV Baton Rouge, and radio board Chmn. George Hatch, KALL Salt Lake City.

Official Films has asked SEC (File 2-18998) to register: (1) 232,086 outstanding common shares to be offered for public sale by present holders at over-the-counter or negotiated prices. (2) 65,000 shares to be sold by officers who obtain them under options at \$1.16-\$3 per share.

Treaties ratified: The 1959 Geneva International Telecommunications Convention and a technical agreement covering frequency assignments for radio astronomy & space research were finally approved Sept. 25 by a 66-0 Senate vote. Text of Convention available in 20 pages of Sept. 25 Congressional Record.

Opposition to FCC's proposed FM rules will be expressed by Washington consulting engineers. AFCCE last week agreed that allocation on mileage-separation basis is inefficient.

AM stereo was given quick & brusque brushoff by FCC last week, as expected (Vol. 1:2 p4). It told petitioners Philco, RCA & Kahn Research there's "little evidence of public need or industry desire" for it, and, besides, it's busy with "a host of other current problems." Comrs. Bartley & Cross dissented.

FCC's experimental WUHF N.Y. due to test with temporary antenna this week, start programming near end of Oct. Educational & religious WYAH-TV (Ch. 27) Norfolk began Oct. 1, educational WETA-TV (Ch. 26) Washington Oct. 2, commercial CBXT (Ch. 5) Edmonton, Alta., Can. Oct. 2.

Donald MacDonald leaves Smith & Pepper, Washington law firm, to establish practice in Denver; he's son-in-law of Sen. Carroll (D-Colo.). John Cole takes leave of absence from firm to become asst. to Rep. Flynt (D-Ga.). New associates in firm are: Robert Conn, ex-FCC; Robert Cahill, ex-NAB.

ABC was "clearly derelict" in not informing public that portions of "Untouchables" were fictionalized, FCC told ABC last week, as indicated (Vol. 1:2 p4). If something like this becomes prevalent, FCC said, "serious consideration will be given to appropriate steps to cope with the situation." It didn't elaborate on "steps."

WTSP-TV Inc. (Rahall brothers) tapped for Ch. 10 Largo (Tampa-St. Petersburg), Fla. CP, FCC instructing staff to draft final decision that way, denying 5 competitors, sustaining examiner's initial decision.

CATV system in Lake Arrowhead, Cal., 500 subscribers, sold for \$72,500 to Ontario, Cal. accountant Milton Thurber by George Acker—through broker Daniels & Assoc.

License-fee system, whereby industry would defray FCC's expenses (Vol. 17:27 p1), due for Commission discussion this week.

Annual Federal Communications Bar Assn. outing: Oct. 10, Woodmont Country Club (near Washington), golf, softball vs. FCC, etc.—the traditional good-natured works.

Oscar Byram Hanson, 67, known throughout broadcast world as "O.B.," died of heart attack in Norwalk, Conn. Sept. 26. A pioneer of pioneers, he served NBC & RCA 38 years, retiring in 1959 as RCA engineering services vp.

Consumer Electronics

MANUFACTURING, DISTRIBUTION, FINANCE

INDUSTRY LOOKS AT 16-IN. BONDED TUBE: There's still industry interest in a smaller picture tube—and Corning has begun sampling a new lightweight 16-in. bonded bulb, essentially a squared-off version of the 14-in. tube. At least one very large set maker has expressed enthusiasm for this size & shape—but it will still be some time before there will be any inkling whether it will ever go into production.

The 16-in. 114-degree bonded bulb is fresh version of the 16-in. "heavy" non-bonded bulb sampled by Corning late last year (Vol. 16:43 p15). That one flopped because it didn't offer enough price & weight advantage over the 19-in.

New bulb is something of a breakthrough in weight, if not in price. As opposed to the 20-lb. bulb & cap for the 19-in., this one weighs just slightly over 10 lb. In quantity, the bulb would be priced at about \$7 (including cap), compared with \$8.80 for 19-in. bulb & cap. The heavy non-bonded 16-in. bulb sampled by Corning last year was quoted at \$7.50-\$8, industry sources say. This price wouldn't have included implosion plate, which is included in price of bonded bulb, of course.

Is this reduction in price & weight sufficient to arouse the widespread industry interest required for tooling up a new tube size? This point is hotly disputed. Some tube makers see absolutely no customer interest in it; others, while not excited, see it as a good possibility. It's believed that Admiral was behind last year's 16-in. activity, but vetoed it after costs were determined. Another big set maker is understood to be mover this time.

What's the reasoning behind idea of a smaller tube? There's a school of thought which believes that the 19-in. size was a mistake. This size has cornered about 40% of TV market, and some set & tube makers claim it has cut into 23-in. set sales because there's not enough difference in size between the two. Whether a new smaller size can rectify this situation is debatable, but at least it would restore some measure of portability to portables, and introduce more variety into TV lines.

As far as Corning is concerned, the official line now is that this would help round out a "family of bonded tubes." Last year, Corning backed the 16-in. size with results of its own consumer surveys, which indicated that many people preferred 16-in. to 19-in. size (Vol. 16:43 p16).

In view of Corning's big drive to reduce weight (and price) of its 19-in. bulb, it's interesting to note that proposed 16-in. bulb has bonded cap which is substantially lighter per unit area than either the 19- or 23-in. cap. Corning's newly designed 19-in. bulb, reported last week, will be "several pounds lighter" than present 19-in. bonded bulbs due to use of less resin and weight savings in glass of bulb itself and cap—not on the basis of a reduction in the amount of resin alone, as was erroneously implied in our story last week (Vol. 1:2 p5).

Tube makers are still uncertain as to whether redesigned 19-in. bonded bulb will make possible tube price reductions, because they say no new price on the bulb has been quoted yet by Corning. New bulb represents latest step in Corning's drive for industry acceptance of 19-in. bonded tubes. Currently only about 5% of 19-in. tubes are of the bonded variety—and this 5% includes not only Corning's but Pittsburgh Plate Glass' bonding process. On other hand, it's estimated that 60%—possibly even more—of 23-in. tubes being made today are bonded.

Pittsburgh bonding process, incidentally, is now being used with at least 3 different sizes of TV picture tubes—19-in., 27-in. and 21-in. color. Although all tube manufacturers are currently either using Pittsburgh process or experimenting with it, nobody seems willing to say whether it is cheaper than the Corning process. One tube maker did tell us that preliminary indications were that cost will be about same, due principally to cost of glass panel (about the same as Corning's molded cap) and the Mylar tape required in the Pittsburgh process (22¢ or more for a 23-in. tube). He said labor costs are about equal for the 2 processes.

While tube sizes may be getting smaller, they're still getting bigger, too. Following Admiral's recent introduction of 27-in. set with Pittsburgh bonded implosion glass (Vol. 17:36 p15), it's known that at least 2 more set makers will add 27-in. sets to their lines before year's end. In addition to Admiral, 27-in. sets are now being sold by Magnavox, Du Mont and Packard Bell.

FORD STILL MULLING PHILCO'S FUTURE: "We do not plan any moves at all at Philco as of now, but we make no guarantees of any kind." So said Ford Chmn. Henry Ford 2nd in Philadelphia last week in response to queries regarding the future of Philco's consumer products business. "We have no plans as of today to get out of any of the Philco business," he continued. "We will analyze all facets. Maybe in a month or so we'll know more than today."

Ford journeyed to Philco's Philadelphia hq in response to a request for a meeting from the Quaker City's Mayor Richardson Dilworth. Mindful of Ford's closing of its nearby Chester, Pa. assembly plant earlier this year, spilling some 1,500 workers into the Greater Philadelphia labor market, Dilworth sought the session to determine the effect of Ford's proposed takeover of Philco (Vol. 1:1-A p5) on the city's economy. The bulk of Philco's 26,000 employes work in the Philadelphia area.

Although he would give no assurances about Philco's role after his company completes the purchase, probably by early December, Ford was firm about its geography. The motor company does not intend to "close down Philco" in its hq city, Ford said, adding: "We're not going to move out of Philadelphia—not with the investments Philco has here." Mayor Dilworth, summing up his private 15-min. session with Ford, commented: "We hope Philco under the Ford Co. will grow in Philadelphia, but Mr. Ford can't commit himself now." He said "no conclusions were reached" at the meeting. With Ford at the session was Ford Co. General Products Div. vp Irving A. Duffy.

Status quo at Philco will undoubtedly continue—for a while, until Ford Co. has had an opportunity to digest and become acquainted with what it has acquired. Speculation in electronics industry is that little if any changes will develop for 6 months after Ford takes over—then things will begin to happen. One extremely savvy industry executive predicted to us that Ford will carry Philco's TV-radio lines for about a year, conclude that the low-margin business isn't worth the headaches, and junk it to use production facilities for more profitable operations.

Philco Pres. James M. Skinner Jr. believes Ford "will be interested in preserving & enhancing all phases of Philco businesses," including the Consumer Products Div. which "represents a large percentage of our assets and our total current business." However, with "total current business" reflecting a first-half loss of \$4.4 million (Vol. 17:33 p20), there's increasing industry sentiment that Philco's consumer products days may be numbered—unless Ford can quickly find in them substantial profit which has eluded Philco. Automotive as well as electronics executives point to the Edsel as proof that Ford is quick to amputate decaying limbs, regardless of invested capital & prestige, to prevent the spread of dry rot.

ZENITH LOOKS AT TV'S FUTURE: Although branching out, into "the more sophisticated fields of electronics," consumer-oriented Zenith is one of the few companies which sees electronics' greatest growth potential still in the consumer field. This minority report was filed last week by Zenith Pres. Joseph S. Wright in address to Investment Analysts Society of Chicago.

Of all electronics fields, Wright said, "Zenith anticipates that greatest growth is going to come in consumer products & services." As to TV, he reflected some of RCA's bullishness on color. While he saw "no hope for a near-term breakthrough which would permit a color set to be sold at a reasonable profit under 2 or 3 times the price of a b-&w set," he predicted:

"We look forward to a possibility of there being a million color sets a year being sold within 5 years." Within same 5-year period, he said, "I would think that the industry can look forward to getting back again to the kind of figures it enjoyed in 1955 & 1956 [7-7.5 million sets], which would be a growth in units of more than 20%, and an even higher growth in dollar sales because of color."

As to Zenith itself, Wright said it expects to produce & sell more than a million TV sets in 1961 for 3rd year in row. Zenith is still breaking its own records, he indicated, citing these distributor-to-dealer sales marks: In TV, "our last 4 weeks' TV receiver sales were the highest in history for a comparable period in 3 of the 4 weeks, and for the total of 4 weeks" In radio, "6 of the last 7 weeks were the best in our history for a comparable period."

WHAT WE CAN LEARN FROM EUROPE: "They're far ahead of us in automation and have developed some extremely clever automatic equipment. As a result of this trip, we're going to put some of our people to work on development of new types of automatic equipment." Delbert L. (Debs) Mills, RCA Victor Home Instrument divisional vp thus summed up to us the most significant observations of a top-level 3-man RCA Victor team on a tour of Europe's TV plants.

Accompanying Mills on the 3-week trip were Bryce S. (Buzz) Durant, RCA Sales Corp. vp for product planning & development, and Earl I. Anderson, Home Instrument chief engineer. We talked with Mills & Durant last week at New York's International Airport shortly after they stepped off the plane which brought them back from their tour of TV production facilities in Germany, England, Holland & Italy. Among highlights of their impressions of the European TV-radio industry and what American manufacturers can learn from it:

"I was impressed most by the productivity of the people," said Mills, who (among his other talents) is a production specialist. "Everybody is at work, everything is very busy and there's a serious labor shortage in Europe. Because of this shortage—particularly in the Netherlands, Germany & England—factories have been pushed into automation." Durant was impressed by an automatic coil-winding machine they had inspected—which handles complete manufacture of complex coils directly from the basic materials.

"Everything is printed-circuit over there," said Mills. "Even in the smaller plants, where automatic component insertion isn't practical, we saw them assembling printed boards—by hand. We were told repeatedly that this is the only way to get the uniformity and reliability required in the European TV market. For the average European, a TV set represents a far greater investment—in terms of the number of man-hours worked to pay for the price of the set—than it does for the average American. And Europeans demand a set they can keep for a long time with few repairs."

European TV sets appear to be "over-designed" compared with American units, Mills & Durant agreed—there's more material in them. Durant pointed out that standards of picture linearity are far stricter in Europe (with consequently higher cost)—principally because all European TV stations project test patterns for all or part of the daytime hours, and viewers are told how to use them to check the performance of their sets. An egg-shaped circle in a test pattern just won't go, even though such distortion in an actual TV picture may not even be noticeable.

European TV sets can't penetrate U.S. market effectively in their present form, said Durant, because extra materials used result in non-competitive prices. The RCA officials quoted the president of a large German company which has tried exporting to U.S. as saying that the American market, while fine for radios & phonos, is not a good one for German TV.

As to new product designs in Europe, Durant said he saw "some interesting products, but nothing startling that would go over here—nothing that particularly interested us that we didn't know about already."

They found much interest in color in Europe, but little inclination to be in a hurry. They viewed the Sylvania-Thorn "Zebra" tube—somewhat similar to Philco's "Apple," and were told that practical development is at least 2 years off.

As to stereo, "they don't think much of it over there," said Mills. "They think we've overrated it. Records are high priced there, and people just don't have the money to pay for stereo discs."

Both Germany & Italy now have 2-network competition, with the "2nd channel" on uhf, but the RCA team said there have been no European breakthroughs in uhf tuner sensitivity. The design of German & Italian uhf tuners & converters permits pre-selection of channel by the consumer, so that the switch from the vhf to uhf channel may be made by pushbutton. All new sets sold in Germany & Italy contain uhf tuners.

There's little worry in Europe about Japanese imports of either components or transistor radios—and Mills & Durant gave these probable reasons: The Japanese are concentrating on the U.S. & Canadian markets now, and tariff regulations in Europe are less favorable to the Japanese.

European TV distribution & marketing patterns were intriguing to the RCA experts in that many manufacturers make several different brands—each with its own marketing organization, distribution channels, etc., all selling against one another.

"The European economy appears to be 4-5 months behind ours," said Mills. "They're coming out of their recession now, with full employment everywhere and all of the economic indicators good." British recession last year was particularly severe, but temporary lifting of 55% purchase tax has effectively

liquidated topheavy TV inventories. Purchase tax has been reinstated, and British manufacturers are predicting production of 1.6-1.8 million sets this year. Magnitude of their inventory problem earlier this year is apparent in the fact that 2.8 million TVs were produced there last year.

How about American vs. European consumer electronic products on world market? "Even with their lower wages, we can compete successfully today," Mills told us. "As their standard of living rises, we can compete better. Right now, in the TV business, we can hold our own and beat them at cost."

PHONO SALES SLUMPED IN JULY: Blame it on the weather, the recession, FM-stereo confusion or what-have-you—retail sales of phonographs just weren't up to snuff in July.

Just-released EIA figures show that 203,759 phonos were sold to consumers in July 1961, about 15% fewer than in July 1960. The July figure is low even in comparison with July 1959's 207,721 phonos.

Although EIA's released statistics cover total unit sales only, they carry strong indication that dollar sales were down even more sharply. They show that nearly 30% of the phonos sold last July were mono-phononic—which generally indicates the very lowest price bracket—as opposed to less than 22% in July 1960 and the general 1960-61 trend of 76% stereo, 24% mono.

For the first 7 months of 1961, retail phono sales totaled 1,868,116, down about 11% from the 2,104,779 units sold in the same 1960 period. Retail sales for both 1960 and 1961 have been quite erratic, seeming almost to defy past seasonal patterns. In Jan. 1961, sales were 28% below the same 1960 month, dropping in Feb. to low point of 36% below 1960. Pickup began in March, when sales were only 3% behind the same 1960 month, with April sales 23% ahead of a comparatively poor April 1960, rising in May to 42% ahead. Then June 1961 dipped about 4% below a strong June 1960, followed by July's 15% drop.

Factory sales have been slow, too, and there seem to be no serious inventory problems—factory sales running about 120,000 behind retail sales for the first 7 months of 1961. In July, factory phono sales were 18% below July 1960, in keeping with a 17% cumulative drop for the 7 months.

Despite this summer slump, there's absolutely no inclination to pessimism among phono manufacturers. New models, FM stereo and increasing personal income are still being counted upon to produce record or near-record stereo sales this fall & winter.

Here are EIA's final monthly figures on retail phono sales, together with its tabulation of factory sales. EIA discontinued compiling TV, radio & phono retail statistics with the July figures (Vol. 17:22 p16).

| Month | PHONO FACTORY SALES | | | | | | Month | PHONO RETAIL SALES | | | | | |
|---------------|---------------------|-----------|-----------|---------|-----------|-----------|---------------|--------------------|-----------|-----------|---------|-----------|-----------|
| | 1961 | | | 1960 | | | | 1961 | | | 1960 | | |
| | Mono | Stereo | Total | Mono | Stereo | Total | | Mono | Stereo | Total | Mono | Stereo | Total |
| January | 80,366 | 211,383 | 291,749 | 118,400 | 341,329 | 459,729 | January | 105,753 | 271,124 | 376,877 | 150,688 | 368,964 | 519,652 |
| February | 50,710 | 204,638 | 255,348 | 92,648 | 324,666 | 417,315 | February | 61,646 | 255,722 | 287,368 | 102,063 | 347,860 | 448,128 |
| March | 62,396 | 227,469 | 289,865 | 63,264 | 242,523 | 305,787 | March | 64,138 | 237,537 | 301,675 | 61,249 | 249,497 | 310,746 |
| April | 53,074 | 152,974 | 206,048 | 30,962 | 142,409 | 173,371 | April | 56,312 | 182,773 | 239,085 | 41,503 | 152,141 | 193,644 |
| May | 53,887 | 142,450 | 196,337 | 36,793 | 146,176 | 182,962 | May | 62,328 | 194,891 | 257,319 | 39,734 | 141,080 | 180,814 |
| June | 61,533 | 197,170 | 258,703 | 69,293 | 198,407 | 267,700 | June | 49,183 | 152,950 | 202,133 | 44,925 | 165,339 | 210,264 |
| July | 70,681 | 171,331 | 242,012 | 70,992 | 222,559 | 293,551 | July | 59,839 | 143,920 | 203,759 | 58,787 | 180,949 | 239,746 |
| TOTAL .. | 432,647 | 1,307,415 | 1,740,062 | 482,353 | 1,618,069 | 2,100,422 | TOTAL .. | 459,199 | 1,408,917 | 1,868,116 | 499,750 | 1,605,029 | 2,104,779 |

TV-RADIO PRODUCTION: EIA statistics for week ending Sept. 22 (38th week of 1961):

| | Sept. 16-22 | Preceding wk. | 1960 wk. | '61 cumulative | '60 cumulative |
|-------------------|-------------|---------------|----------|----------------|----------------|
| TV | 141,662 | 143,430 | 143,808 | 4,243,006 | 4,221,481 |
| Total radio | 411,264 | 400,235 | 424,457 | 11,528,455 | 11,886,225 |
| auto radio | 96,977 | 89,551 | 176,733 | 3,598,808 | 4,517,015 |

TUBE SALE TRENDS: Fewer picture tubes were sold in July than in any month since 1954. EIA reports factory sales of 457,181 picture tubes at \$9,364,364 for the month, and a search through the records discloses that the unit sales figure—but not the dollar figure—is a 7-year low for any month. The July figures compare with 806,852 at \$15,887,776 in June and 681,785 at \$13,898,468 in July 1960. The January-July total for 1961 was 5,032,378 at \$100,335,883 vs. 5,136,581 at \$102,497,735 in January-July 1960.

Receiving tube sales for July totaled 27,566,000 at \$20,979,000 (factory value), down from June's 31,463,000 at \$25,989,000 and considerably below the 34,883,000 at \$28,810,000 reported in July 1960. During the first 7 months of 1961, receiving tube sales were 206,320,000 at \$171,479,000 vs. 229,307,000 at \$195,207,000 for the same 1960 period.

OCTOBER 9, 1961

© 1961 TELEVISION DIGEST, INC.

NEW SERIES VOL. 1, No. 4

Albert Warren, Editor & Publisher

Wyatt Building, Washington 5, D.C., STerling 3-1755

 The authoritative service for executives in all branches of the television arts & industries

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast

COLLINS' CURRENT POLICY & POSTURE: Let public know that industry, not govt., is responsible for improvements. New public relations series proposed—Collins interviewing public figures (p. 1).

MINOW'S VIEWS ON PROGRAMS & CENSORSHIP: His program preferences carry no "or else" threat. Trying to encourage "greater use of radio" (p. 2).

"TM NO COP," SAYS FTC'S DIXON in interview on his first 6 months in job—which have failed to produce expected crackdown campaigns on TV advertising (p. 2).

FCC PONDERING REORGANIZATION PLANS, including 3-man employe review board, retention of opinion writers in "pool," case-by-case delegation (p. 3).

PROGRAM & LOGGING FORM COMPLAINTS DELUGE FCC, broadcasters finding censorship and nonsense in Commission's proposed rules (p. 3).

PAY-TV TROUBLE IN ETOWA cited in resignation blast by director of Paramount's operating subsidiary, who says system is losing \$11,000 per week (p. 4).

TV MAGAZINE CONCEPT REJECTED by Lever Bros. at network hearing. FCC is reminded: Public blames advertisers for shows, but not for print-media stories (p. 4).

Consumer Electronics

FALL BUSINESS solid & improving, industry-wide survey indicates. No runaway market, but business is steady, with little dumping. Shortages developing in some models (p. 7).

SECOND THOUGHTS ON "FULL LINES" expressed by manufacturers & distributors in light of Philco troubles. Some RCA & Whirlpool distributor realignment seen (p. 8).

TV'S ELECTRIC BILL, to keep home screens lighted, now totals nearly half billion dollars yearly—some indication of stake of utility companies in TV set sales (p. 9).

3-YEAR MOVE TO UHF suggested by Admiral, which proposes use of excise tax exemptions to ease transition for set makers & public (p. 9).

COLLINS' CURRENT POLICY & POSTURE: On eve of NAB fall conferences—first one in Dallas Oct. 9—Pres. Collins is convinced, more than ever, that posture NAB has assumed since he became head of association is the most correct and protective one.

His philosophy, as he restated it to us last week: "A few people in the industry would have had NAB attacking any criticism that came from the govt. This would have had the govt. calling for improvement while we resisted it. This would be an untenable position. We can't give the impression of being hauled unwillingly by the govt." He quoted from his Sept. 29 speech in Minneapolis:

"Our responsibilities as broadcasters do not begin and end with 'hands-off' statements directed to govt. Certainly we can and should urge positions for govt. to take or not take. But what means most is the positions we take—what we do upon our own initiative and with our own brains and resources."

He asserted that relations with govt., notably FCC, have improved markedly—in such areas as collaboration on program-form and logging modification. "They could not have worked with us in this spirit," he said, "if we at NAB had created an atmosphere of furor and distrust by screaming invectives, as some of the observers of the broadcasting scene would have had us do."

Collins insisted that freedom of speech isn't being jeopardized, that he'd be first to recognize and fight any invasion.

Among other things on Collins' mind is need for greater industry financial stability. He repeated his belief that FCC is authorizing too many radio stations, said that station rates should be firmer and that NAB will increase its efforts to improve industry's efficiency.

It's understood that NAB has up its sleeve, for board and membership consideration, a novel public relations ploy: video tapes, kines and audio tapes of Collins interviewing prominent public figures in

Washington, interspersed with Collins' strong pitch to public about TV-radio's role. First rough pilot, presumably to be shown in Dallas, features 30-min. program of interviews with Commerce Secy. Hodges and Senate Minority Leader Dirksen (R-Ill.), 15-min. each. Called "Meet the Man," program focuses on personal side of interviewees—philosophy, childhood background, religious outlook, etc. Half dozen programs yearly are contemplated. Concept is in line with Collins' long-held opinion that broadcasting can do much more to promote itself through own facilities.

Balance of the one-day conferences, to which non-NAB broadcasters are invited this year: Oct. 13, St. Louis; Oct. 18, Salt Lake City; Oct. 20, San Francisco; Nov. 10, Boston; Nov. 13, Pittsburgh; Nov. 15, Minneapolis; Nov. 20, Jacksonville.

MINOW'S VIEWS ON PROGRAMS & CENSORSHIP: We confronted FCC Chmn. Minow last week with a question continuing to bother a lot of people:

"How do you square your pitches, in many speeches, for kinds of programs you consider good—children's, public affairs, prime-time news, etc.—with your assertion that you're not seeking to impose your beliefs on the industry, a form of censorship? A lot of people think that your voicing such preferences is a threat that industry better follow them—or else."

Minow's response: "I've never threatened anyone with an 'or else' based on my thinking about programming. But the Communications Act says that we should encourage the greater use of radio, and that's what I'm trying to do. I don't think that anyone in the industry should try to censor me any more than I should censor him. For many years, the Commission has said that programming in various categories is in the public interest. I go along with that. Now, if a broadcaster promises certain programming and doesn't deliver, I think it's our duty to find out why. Really, have I been saying anything that the Commission hasn't been saying for years? I don't understand why anyone is surprised at what I say."

'I'M NO COP,' SAYS FTC'S DIXON: What's with FTC Chmn. Paul Rand Dixon? Since he took advertising-guard post on New Frontier March 21 (Vol. 17:13 p8 et seq.), heralded in trade press as anti-business zealot, broadcasters & admen have waited—more or less apprehensively—for FTC crackdowns on TV-radio practices. They haven't come.

Broadcasting was FTC Target No. 1 under Dixon's Republican predecessor Earl W. Kintner, who rode TV quiz & payola scandals to page one headlines. It was common assumption that Democrat Dixon would carry on in TV-radio field—and more so. Yet in contrast to Kintner regime, Dixon's FTC administration so far has been marked by: (1) No launchings of big cases against big TV advertisers. (2) No stern, finger-wagging reform-or-else ultimatums to broadcasters. (3) No public inquisition sessions for network officials. And payola cases have been dropped.

We made 6-month check-up on Dixon recently in effort to learn what gives. We found him at his Washington desk, fuming over takeout in copy of U.S. News & World Report which was headlined: "Business & Kennedy—Why a Growing Rift." Article said businessmen have plenty of reason to view New Frontier agencies with alarm. "I'm a little annoyed," Dixon told us. He swung at once into theme he has stressed in his few public speeches: FTC is court-like law-enforcement—not crusading—agency, responsible for protecting U.S. economy from anti-free-enterprise competitive practices.

"I'm no damned policeman or cop," Dixon said, brushing magazine aside. We suggested that some operators in broadcasting industry nevertheless had been expecting him to act like one in clean-up campaigns started by Kintner. Dixon waved suggestion down. On TV commercials: "I have noted no increase in complaints about them." On payola: "America is full of payola. This [record-promotion practice] was just one that got out in the public eye." On NAB Codes: "Self-regulation is highly desirable." But no responsible broadcaster should need industry rules to tell him what's right or wrong in free competition with other media. On TV generally: "I thoroughly enjoy TV. Some of the things I see I don't want to comment on, one way or another, however."

What's ahead at FTC for broadcasting industry, if there's been honeymoon up until now? Dixon told us FTC would call its shots as it finds them, that he wants to put more TV-radio monitors at work in agency, that he had no predictions which might be either reassuring or menacing to broadcasters. He added: "You can't promise them that we're going to come blazing in with guns at either hip." FTC staffer close to Dixon told us later that industry can count on one thing: Sponsors of phony commercials will know they've been hit when they're hit. FTC complaints will be followed up swiftly with stop-it orders.

FCC PONDERING REORGANIZATION PLANS: Presented with a workload-lifting law by Congress, FCC is due to dig into implementation ideas today (Oct. 9) in special meeting. In addition to their own ideas, commissioners are understood to have these staff recommendations before them:

- (1) Set up 3-man employe review board.
- (2) FCC delegate matters to review board on case-to-case basis at first, holding itself free to take over major cases—such as renewals & revocations—at all times.
- (3) Opinion writers in Office of Opinions & Review should be retained in a pool rather than split up and assigned to commissioners' staffs.
- (4) Use of review staff should be readily available to panels of commissioners or review board.
- (5) FCC should decide whether to delegate cases to review board or to commissioner panel after exceptions have been filed to initial decisions.
- (6) Oral argument should be heard by commissioner panel or review board at request of any party—unless request is frivolous.

Staff offers no recommendation on whether individual commissioners should write decisions. Commissioners have considered this practice impractical for FCC. However, it's the only regulatory agency that doesn't do it.

PROGRAM & LOGGING FORM COMPLAINTS DELUGE FCC: Seldom has FCC come up with a less popular set of rules than the changes it proposed in program form and logging. Mass of industry comments filed with Commission last week attacked almost every facet.

Commission staff is studying the stack, but, as far as we can gather, found few surprises so far. Prediction still is that staff will recommend changes easing about 80% of complaints about logging and that Commission will buy them. In program form, however, there seems less likelihood of substantial modification of proposal. We've been alerted to anticipate some easing. For example, instead of requiring each station to submit big report analyzing composition and needs of community, local university might do job covering most questions for most stations. Here are some of objections found in last week's filings:

- (1) Extensive inquiry into programming is censorship—in form of implied subsequent punishment.
- (2) Broadcasters are constantly determining their communities' needs, don't need FCC to tell them how to survey them.
- (3) Why the emphasis on local news? That's a station's business, not FCC's.
- (4) Why ask broadcasters to submit "selected week" as typical of their output—along with present "composite week"? Latter is adequate; no need for more paperwork.
- (5) Counting "interruptions" make no sense in modern radio. Times have changed to short-spot technique.
- (6) Why should wire news be termed "recorded" if read verbatim, "live" if rewritten?
- (7) Why in the world must "unusual" programs be described?
- (8) Why shouldn't religious music be classified as "religious" programs?

And so it goes. Basically, broadcasters just can't understand why FCC asks for all this information unless it intends to indicate what is "good" or "bad" programming—and that, they maintain, is censorship.

Informal FCC-broadcaster confab Oct. 6, arranged by NAB, established at least 2 factors clearly: (1) FCC is quite firm about retaining the "survey community needs" concept. (2) FCC isn't trying to create logging chores so burdensome that hiring of extra people will be necessary.

Only time Commission really bristled was when industry representative suggested that "you don't trust us when you ask for community surveys." Comrs. Ford and Lee, particularly, were disturbed at that, pointing out that they're after the "bad actor," not the vast preponderance of reputable broadcasters.

NAB's representatives made it clear they were reserving right to object to any aspect of FCC's approach remotely resembling censorship. Meeting was informal, generally quite amicable, all commissioners on hand except Bartley and Cross.

PAY-TV TROUBLE IN ETOBICOKE: After nearly 2 years of operation, Paramount Pictures' pay-TV system in Toronto suburb Etobicoke still is losing \$11,000 per week, longtime director Norman S. Robertson of operating subsidiary Famous Players Canadian protested in resigning last week.

Paramount is "milking" Canadian company to pay for losses on pay-TV setup developed by International Telemeter, Robertson said in quitting post he had held 20 years. He asserted shareholders of Famous Players Canadian, which had already invested \$2 million in system, were unaware of continuing losses.

It's "completely ridiculous" that shareholders "should be barraged with laudatory press releases about what is happening in Etobicoke without being informed of the full story," Robertson went on in blast against Paramount management. He said he had submitted resignation in August, but had held it up in hope that Paramount would make full disclosure.

"The experiment was never designed to make money," spokesman for Paramount retorted in N.Y., but refused comment on Robertson's estimate of losses. Famous Players Pres. J. J. Fitzgibbons also said Robertson displayed "impatience & misinformation." For one thing, Fitzgibbons said, International Telemeter had agreed "to bear all expenses of the experiment" since Jan. 1 without depriving Famous Players of its rights in system.

TV MAGAZINE CONCEPT REJECTED: TV critics at FCC & elsewhere who want to divorce advertisers from all control over programming forget one thing when they advocate magazine formats instead, Commission was told last week. There's a big difference between TV & print media.

This primer lesson was spelled out at FCC's N.Y. hearings on network-sponsor relations (Vol. 1:3 p3) by Lever Bros. advertising vp Samuel Thurm: Readers don't hold companies responsible for editorial content of publications in which ads appear. Viewers identify advertisers directly with TV programs they sponsor.

That's why magazine concept won't work and why most sponsors will continue to insist that they have something to say about what goes on air under their names, Thurm said. He also made these points: (1) TV advertisers risk much money on programs over long periods of time. Print-media advertisers don't. (2) Newspapers & magazines offer guaranteed circulations and known editorial content. TV can't.

Thurm's testimony helped wind up sponsor phase of proceedings at which FCC's network study chief Ashbrook P. Bryant presided. Other witnesses (U.S. Steel, Westinghouse, General Foods, Bristol-Myers, Revlon) generally supported his argument that TV advertisers just can't afford to buy magazine-format shows sight unseen. Next to be heard from (time & place unscheduled): Networks themselves.

CURRENT CAPSULES

Vote on Indianapolis Ch. 13 expected this week. In June, FCC instructed staff to draft decision taking channel from Crosley (WLWI), giving it to WIBC (Vol. 17:25 p8). Majority voters were Minow, Bartley, Ford & Lee. Hyde & Cross were for Crosley, Craven not voting. "Concentration of control" issue is believed to weigh heavily in majority thinking.

Oral argument on option time—whether it should be abolished—comes before FCC Nov. 3, following last week's filing of briefs. Of the few new elements in briefs was mention of CBS's sliding compensation plan. Anti-option time forces, such as KTTV Los Angeles, Station Representatives and Ziv-UA, said, in effect, that CBS plan shows that networks can come up with something even worse than option time unless FCC clamps down. SRA asked that stations be prohibited from carrying more than 3 network hours during each of day's segments. Ziv-UA said: 2½ hours. KTTV says all "tying" arrangements must be prohibited. Networks argued that FCC has learned nothing new to counter its basic and original finding that option time is necessary for networking—and that networking is vital. Network affiliate groups agreed. NBC affiliates went step further, indicated that CBS compensation plan shows that undesirable relationships will arise if option time is abolished.

"Dealing With the White House," valuable tips for PR men, interview with Pierre Salinger, Kennedy's news secy., in summer issue of "Quarterly Review of Public Relations," Box 114, Springfield, Va.

Release of network documentaries for foreign showings through USIA was objective of President Kennedy's luncheon meeting at White House last week with network heads, USIA Director Murrow and NAB Pres. Collins. Network chiefs indicated concern lest they compete with themselves via USIA, but Kennedy said he was thinking of distribution in remote countries, wouldn't want to put networks at commercial disadvantage. President also asked Collins what had happened to latter's suggestion that U.S. back an anti-illiteracy TV-radio project for some backward country. Collins wryly informed him that it was somewhere in bowels of State Dept. Present at lunch: ABC's Goldenson, CBS's Paley, NBC's Sarnoff.

— ■ —

"Mr. Minow, you could catch some fish." That's advice given by Dr. Frederick J. Stare, Harvard School of Public Health, referring to "melodious incantations of nutritional nonsense" carried by 60 radio stations, which he offered to identify. Dr. Stare spoke last week in Washington at a National Congress on Medical Quackery, sponsored by AMA and Food & Drug Administration. FCC sources say they've been looking into case. It involves one Carlton Fredericks; AMA & FDA have been attacking his programs for 14 years. FCC isn't inclined to get into portion of the controversy which involves conflicting claims of vitamin value, etc.—but it's delving into other aspects of program.

— ■ —

"Children's Hour" concept of 3-network cooperative effort, proposed by FCC Chmn. Minow with blessing of Attorney General Kennedy (Vol. 1:2 p2), has petered out. ABC said it would go it alone, so CBS and NBC called it quits, noting that they have and will have programs of value to children. Minow isn't dejected about situation, believes networks have shown willingness to give greater attention to subject.

— ■ —

Station-union dealings aren't FCC's business, Commission majority said last week (Minow & Bartley dissenting) when it approved sale of radio KQBY San Francisco. NABET had asked FCC to disapprove sale, saying transfer would cause "personnel displacement" and "be otherwise contrary to public interest." Commission said station-union matters "involve business management and policy, matters which the Supreme Court has held are not within the supervisory control of the Commission." Minow & Bartley were dissenters again in another sale approval, radio WOGA Chattanooga. They argued that: (1) Extent of commercialization proposed by buyer Dick Bcstg. Co. casts doubt on its financial ability and raises question whether there's real need for station; (2) Concentration-of-control question is raised by proximity of buyer's WIVK Knoxville and WQOK Greenville.

— ■ —

Denison, Tex. CATV system, 2,000 subscribers, bought by RKO General, which had entered CATV field (15 systems) through purchase of late Henry Griffing's Video Independent Theatres Inc., Oklahoma City. Griffing holdings included theatres, TV, radio, microwave (Vol. 17:17 p7). Denison sale broker was Daniels & Assoc.—its 45th CATV transaction.

— ■ —

Another trimmed tenure: FCC gave radio WHOL Allentown, Pa. one-year renewal (Hyde & Craven dissenting) on promise-vs.-performance grounds. Station had said it would offer substantial religious, agricultural, educational, live, etc. programming—but didn't carry through. When Commission asked "how come?" station revised its showing Sept. 1, promising more in such categories. Commission quoted its KORD decision (Vol. 17:29 p1): "The licensee cannot disregard the proposals in the hope that he will simply be permitted to 'up grade' when called to account."

— ■ —

Maine Gov. John Reed wants Ch. 7 shifted back to Calais from Bangor for ETV use, told FCC he's calling special session of state legislature Nov. 27, to consider funds for ETV, asked Commission to hold everything until then. FCC made his message public, invited comments. Background: Reed is seeking to outpolitic Sen. Muskie (D-Me.), who also wants credit for fostering ETV.

— ■ —

"Equivalent protection" of short-spaced vhf drop-ins has been "clarified" by FCC in a supplement to its Aug. 3 decision amending engineering standards. Commission said it's apparent people are confused as to just how new stations are to protect old. Copies of supplement available from Commission.

Alleged TV-radio bias against small-time advertisers in favor of big sponsors will be explored Nov. 6-7 in long-threatened & long-delayed hearings by House Small Business Subcommittee headed by Rep. Alford (D-Ark.). Subcommittee counsel J. Allan Sherier told us NAB & 4-A spokesmen will be among witnesses testifying about "quite a few complaints" from small businessmen that they can't get time on air. Also in offing—but unscheduled yet—during Congressional recess: (1) Another round of TV crime-&violence hearings by Senate Judiciary Juvenile Delinquency Subcommittee. (2) Another equal-time go-around by Senate Commerce Freedom of Communications Subcommittee, which wants to probe state & local political broadcasts.

Unique call letter arrangement approved by FCC permits separately owned WRDW-TV & WRDW Augusta, Ga. to continue with those call letters. Commission accepted stations' word that public isn't confused and that changes would bring hardship; it granted waiver of rules, said it would look at situation again at renewal time.

Tall TV tower roundup by FCC lists 101 more than 1,000 ft., with 1,676-ft. KFVS-TV Cape Girardeau, Mo. still tallest. Joint tower of WRBL-TV & WTVM Columbus, Ga. will hold record when built—1,749 ft. List is Mimeo. 10449, Public Notice B.

BBG rejected ABC's bid to buy 25% of CFTO-TV Toronto (Vol. 17:36 p11), explaining Sept. 28 that it isn't "prepared to recommend any transaction involving financial participation of American networks in Canadian TV stations." BBG member Edward Dunlop dissented, arguing that the turndown "would impair the interests" of CFTO-TV.

It's a federal crime now for anybody to do malicious damage to TV, radio or other communications systems which may be needed for govt. use. New legislation setting up stiff prison terms & fines for sabotage (Vol. 1:2 p4) was signed by President Kennedy.

Govt. manual on codes used by all advertising-industry segments will be published by the Commerce Dept. under supervision of its advisory committee of admen, with Eldridge Peterson of Printers' Ink as editor in charge.

Handy texts of all anti-deintermixture bills may be found in Sept. 26 Congressional Record, put there by Rep. Roberts (D-Ala.).

Sale of KOCO-TV (Ch. 5) Enid, Okla., from Caster-Robison TV Corp. to Capital City Investment Co., for \$1,376,320, approved by FCC.

Storer Bcstg. Co. buys 37,500 shares of its Class B stock held by estate of late J. Harold Ryan, senior vp, will hold them in its treasury.

"Advertising Won More Decisions Than it Lost" is title of quick rundown on Congressional action, available from AFA Washington vp Don Wilkens, 1145 19th St. N.W.

Radio-TV News Directors Assn. elects: pres, Dick Cheverton, WOOD-TV Grand Rapids; first vp, Bill Garry, WBBM-TV Chicago; radio vp, Ed Ryan, WTOP Washington; TV vp, Bert Cannings, CFPL-TV London, Ont. Board: John Thompson, NBC & KCRA-TV Los Angeles; Jim Bennett, KLZ-TV Denver; Ray Moore, WSB-TV Atlanta; Bob Gamble, WFBM-TV Indianapolis.

FCC Comr. Bartley missed FCC-broadcaster program conference Oct. 6 to be near his cancer-stricken uncle, House Speaker Sam Rayburn, with whom he has extremely close relationship.

Transmitters stereo type-accepted by FCC: Standard Electronics 5-kw Model 2012-5, 250-w Model 930.

Add Rochester Ch. 13 applications: Genesee Valley TV Co. and Rochester Metropolitan Area TV Assn.

Consumer Electronics . . .

MANUFACTURING, DISTRIBUTION, FINANCE

FALL BUSINESS—SOLID & IMPROVING: The predicted post-Labor-Day pickup has come, and all manufacturers see a strong, healthy tone in the TV-radio-phono business. Not sensational, but good—and with profit.

September's distributor sales to dealers didn't blaze any trails—they're estimated at about 500,000 this year, up very slightly from the 497,000 of Sept. 1960. Yet there's entirely different feeling in the trade than last year. It's a rising market, not a declining one. Unlike in Sept. 1960, which paved way for October's sales collapse, there's virtually no dumping, no distress merchandise, few special price promotions today.

We talked last week with nearly every top manufacturer, and rarely have we seen such unanimity. General view is that this solid September is prelude to good & orderly fall-winter business. But unlike last summer's rather wild optimism, there's spirit of realism today. Most manufacturers are planning on basis of industry-wide sale of around 6 million TVs this year—some even less. To go above 6 million would require 4th-quarter production and distributor sales of 21-22% greater than last year.

Several manufacturers reported back-ordering & shortages of some models—but nobody was particularly unhappy about this. Inventories have been so tightly controlled this year that there seems to be little chance of major dumps or price weakening. And it's good reasoning that a few spot shortages would be better than overproduction. Thus industry enters big selling season with TV sales (distributor-to-dealer) slightly below 1960 (for first 9 months) but with pickup beginning and all signs pointing to strong business.

Highlights of comments of manufacturers on post-Labor-Day TV-radio phono sales and prospects for rest of year:

Admiral Sales Corp. Pres. Carl E. Lantz: "So far there's been a marked improvement over last year, across the board. Sales have taken off considerably faster than they did a year ago. There's been a sizable improvement in color TV." Another Admiral spokesman told us that the company is already back-ordered on its new 27-in. bonded-tube sets, TV-stereo combinations and some 23-in. sets. Radio also is doing well, he said, and stereo sales are beginning to pick up. As to prediction for industry-wide TV distributor sales, Lantz foresees about 6 million sets.

Emerson Pres. Benjamin Abrams: "In TV & radio, we're ahead of last year by 10-12% and are now in a position where we must allocate merchandise in 90% of our line. Our business is limited by what we can deliver. At the consumer level, things have been moving more briskly than a month or 2 ago, and better than last September. In stereo, we're shipping all we can make, but we're not in it as heavily as last year." Abrams said he thought industry's volume would be limited by the number of sets which could be produced. While the holding down of inventories may limit sales, he added, its effect on profits will be beneficial. As to year's TV sales, he predicted they would be "around 6 million, within 2 or 3%."

Motorola consumer products marketing vp S. R. (Ted) Herkes: "Business is fairly buoyant—but no runaway. All along the line, particularly at the distributor level, there's a jubilant feeling. Unlike this time last year, we can't find a negative, there seems to be no drop-off in the wind. It looks like a steady pickup from here on in. Everything is up—that includes TV, stereo, home, clock & portable. We're selling what we can produce and having trouble keeping up. If the industry figures don't seem to back up our optimism, watch October. I believe we'll see quite an increase for the whole industry." Motorola, said Herkes, is still basing its planning on sales of about 6.25 million sets this year.

Olympic Pres. Morris Sobin: "We're very happy with the way things are going. It's not spectacular, but very steady, very solid. There's a much better feeling than last year. Prices are being maintained well. Radio & hi fi are outstanding. TV is solid, too, but percentage-wise the increase isn't as great. And best of all, there's no price-cutting or manipulation like last year. We see industry distributor sales of 5.95-6 million sets this year."

Sylvania senior marketing vp George C. Connor: "Our surveys indicate that shortages are developing in distribution channels in certain models now. We originally expected this in November [Vol. 17:35 p17], but apparently the consumer rush has already started." Sylvania Home Electronics Pres. Peter J. Grant told us: "During September, each week's sales have been progressively better. At the present time, our sales are most gratifying. We are continuing to estimate that 1961 industry retail TV set sales will hit 6.2 million."

Westinghouse: An official said September was the company's best month this year "by a sizable margin" and that sales were "excellent." The company is back-ordered on some models in TV & radio. The Westinghouse spokesman said the industry will "do well to sell 6 million sets this year."

Zenith Sales Corp. Pres. Leonard C. Truesdell: In telegram to all distributors last week, he said: "Congratulations on last week's sales to dealers. National sales of TV were highest for any week in our history. Radio sales to dealers were highest for any week in our history except during month of December. September was biggest September we ever had in TV, radio & phonos." Truesdell told us that response to Zenith's new color line has been "fantastic." With the expected continued good sales picture, however, he said industry will be "lucky to hit 6 million" in distributor sales of black-&-white sets.

SECOND THOUGHTS ON 'FULL LINES': Remember the mid-fifties when the battle-cry was "you gotta have a full line"? When such TV-oriented companies as Philco, Admiral & RCA expanded heavily into major appliances, and GE's appliance-oriented Hotpoint expanded into TV?

A few companies bucked this trend, and presumably were headed for oblivion. In TV-radio-phono they were companies called Zenith, Motorola, Magnavox. In appliances, Frigidaire, Tappan, Kelvinator, Norge.

Battle of the full line is still being fought. But there's considerable manufacturer sentiment now away from full-line concept. Full-line specialist Philco, for example, showed loss while electronics-only specialist Zenith was racking up sales records. Hotpoint dropped TV. And now there are some indications of marital problems within the RCA-Whirlpool family.

Strong distributor set-up may well be most important key to success of any TV or appliance line, and this, of course, was behind full-line thinking of most manufacturers in past decade. Full-line concept still has its champions, who put forth logical & convincing arguments: brown & white goods complement each other in seasonal patterns; both have traditionally shared same distributors, and many of same retail outlets.

One of biggest distributor realignments in recent times came after complicated RCA-Whirlpool-Seeger "merger" in 1955. Called at the time "the biggest merger in appliance history," it gave birth to "new giant in the white goods market." RCA merged its Estate Range business with Whirlpool, and Seeger Refrigeration merged with the resulting company (then known as Whirlpool-Seeger), which was 18% owned by RCA, with about the same ownership participation by Sears Roebuck, for whom Whirlpool-Seeger made home laundry equipment & refrigerators.

Distributors were encouraged to carry full RCA Victor & RCA-Whirlpool lines, and there were a number of changeovers of distributors who previously had carried one line or the other. (At time of merger, only 17 of RCA's distributors also handled Whirlpool line.)

But some say full lines create more problems than they solve. They argue that while the largest big-city distributors can specialize in many fields, most of the smaller distributors are oriented either toward white goods or electronics—rarely both. A successful major appliance distributor won't necessarily be tops in TV-radio—and vice versa. An appliance line may "dilute" the effort of a good one-man electronics distributor—or, again, vice versa.

In the case of non-full-line electronics manufacturers, there have always been good companion white goods lines to share billing under aegis of big distributors. As one manufacturer (who makes TV-radio-phono only) expressed it to us: "Our most successful distributors have been exclusive. We feel that we have a more than equal opportunity of succeeding with a single line because we can put more effort behind our products."

Arguments can be, and have been, made on both sides of the full-line fence. But there's growing feeling now that full line under one roof may create as many problems as it solves. As to RCA & Whirlpool, they still share most distributors (including 6 RCA-owned distributors), but there has been a developing tendency to separate in some areas. Whirlpool recently has established factory branches in 4 locations. It's not known how "official" the separation policy is, and neither company will comment at this time.

TV'S ELECTRIC BILL—\$500,000,000 A YEAR: American public is now spending close to half-billion dollars annually for electricity to keep TV screens lighted.

This figure gives some idea of stake the nation's electrical utility companies have in the TV industry. Based on figures supplied us by Edison Electric Institute, it's obvious that utilities are receiving big bonanza from TV boom, and if 2nd sets were added to all homes without them, TV would be pouring close to a billion in electrical company coffers.

It's no wonder, then, that both Edison Institute and local utilities have been participating heavily in Corning's "Operation Snowball" 2nd-set promotion in Kansas City. The figure also gives rise to question of whether industry has solicited enough assistance from utilities in pushing concept of 2 sets in every home.

Here are latest Edison Institute figures on nation's TV power consumption (updated to July 31): Average U.S. household uses 3,945 kilowatt-hours of electricity a year at 2.46¢ per kw/hr, for a yearly electric bill of \$97.05, or about \$8.09 a month. Average black-&-white TV set consumes 345 kw/hr per year, or about 9% of the average family's electrical consumption. Thus the average household pays about \$8.49 a year (or 71¢ a month) to operate the TV set.

Color sets consume about 450 kw/hr per year, or \$11.07 in terms of average annual bill. Thus color sets already are bringing electrical utilities some \$6 million in gross income annually.

Based on some 56 million TV sets now in use in U.S., and about a half-million color sets, total electrical company return is some \$480 million a year—or more than half of the total factory TV sales dollar volume of last year.

Despite these phenomenal figures, TV actually presents an electricity bargain, due to comparatively low power consumption per set. Compared with black-&-white TV's 345 kw/hr, a frost-free refrigerator consumes 1,625 kw/hr per year, or close to \$40 worth of electricity. A conventional refrigerator consumes 845 kw/hr on the average, an electric range 1,225, an air conditioner 1,265.

Down near bottom in power consumption is the lowly radio, which perks along for full year (on basis of average family use) on 90 kw/hr, at cost of \$2.21—less than the average family pays during the year for power to operate its electric coffee maker. Radio-phono uses 105 kw/hr, costing about \$2.58 a year.

ADMIRAL SUGGESTS 3-YEAR MOVE TO UHF: Use of excise-tax exemptions to ease 3-year transition of all TV from vhf to uhf was suggested last week by Admiral engineering vp William L. Dunn. Admiral's proposal was one of several made in response to our survey of TV manufacturers on how to encourage growth of uhf, short of legislation banning vhf-only receivers. Earlier replies were digested in our Sept. 25 issue (Vol. 1:2 p7). Admiral's proposal:

(1) "An interim period of 3 years for manufacturers & broadcasters to convert to uhf production & telecasting. During this 3-year period, federal excise taxes should be removed on TV receivers shipped with installed continuous uhf tuners so the consumer would not be penalized for the higher cost."

(2) "At the beginning of the 3-year transition period, excise taxes should be removed on all vhf receivers in inventory at all levels on that date, and on any vhf receivers produced during the period. In lieu of the excise tax, manufacturers would provide uhf converters for these sets at no additional cost to the distributor, dealer or consumer." Unless this were done, Dunn notes, industry could be penalized as much as \$20 million (on basis of average inventory of 2 million sets at all levels).

(3) "At the end of the 3-year transition, the vhf band would be eliminated. All telecasting & TV production after that time would be in the uhf band. On the date the order for complete uhf operations becomes mandatory, the excise tax would be reinstated on uhf receiver production."

TV-RADIO PRODUCTION: EIA statistics for week ending Sept. 29 (39th week of 1961):

| | Sept. 23-29 | Preceding wk. | 1960 wk. | '61 cumulative | '60 cumulative |
|-------------------|-------------|---------------|----------|----------------|----------------|
| TV | 150,901 | 141,662 | 150,503 | 4,397,333 | 4,373,121 |
| Total radio | 448,769 | 411,264 | 521,194 | 11,980,604 | 12,408,377 |
| auto radio | 124,724 | 96,977 | 264,212 | 3,730,053 | 4,780,922 |

TOPICS & TRENDS: Lowest list price to date for color set is Sears Roebuck's \$449.95 on its Silvertone console, unveiled last week. Sears will have 3 models—the console plus 2 consoles, ranging to \$579.95. They're assembled by Warwick.

— ■ —
September color set sales to dealers by RCA distributors were up 105% over Sept. 1960, RCA Sales Corp. announced last week, adding that there has been "an even greater increase" since start of accelerated new-season color programming.

— ■ —
P. J. (Pat) Casella, former RCA exec. vp in charge of consumer products, who joined Endicott Johnson Corp. last May, was elected president of the shoe company last week.

— ■ —
Assn. of Discount Merchants is new trade group established last week as "the official voice" of the discount-house trade by a group of nation's largest discount merchants.

— ■ —
First legal test of use of "manufacturers' suggested list prices" in comparative advertising will begin Nov. 7 when FTC is due to start hearing appeal by George's Radio & TV Co., big Washington chain, from cease-&-desist order issued by FTC last July.

— ■ —
New FM-stereo starter: KCMO-FM is due to open up the Kansas City market for FM stereo today (Oct. 9) when it begins multiplex stereocasts.

— ■ —
Two-year labor contract with IBEW was signed last week by Admiral, covering all of its electronics plants. It provides for no wage increase first year, 8¢ raise 2nd year. IBEW Local 1031 (Chicago area) Pres. M. Frank Darling, explaining deferral of wage hikes, blamed imports of Japanese components and "govt. policy" of transferring military electronics contracts to West Coast. Similar contracts were signed with Webcor and Appleton Electric.

— ■ —
First LP record, made in 1945, was presented to Smithsonian Institution last week by CBS Labs Pres. Peter C. Goldmark.

— ■ —
British exports of electronic equipment to U.S. during first quarter of 1961 totaled \$4,557,000, up 6% from the \$4,298,000 in the same 1960 period, but down from \$4,805,000 during 1959's first quarter, according to Commerce Dept.'s Business & Defense Services Administration. More than one-half of the amount in 1961 was represented by record-playing mechanisms—up 26% to \$2,302,000—but most end-products, such as radio and phonos, were down sharply.

— ■ —
Zenith's battle for Britain: The largest U.S. hearing aid manufacturer announced in London plans to set up network of "hearing centers" to cater to about 5 million Britons with hearing problems. Zenith thus takes on giant EMI, England's biggest hearing aid manufacturer.

— ■ —
Packard Bell's Eastern drive took on more steam last week with naming of Wallace T. Powell as Eastern sales mgr., with responsibility for building Packard Bell's direct factory-to-dealer program in East, South and Midwest. Powell was formerly merchandising dir., Home Instrument Div., Capitol Records Distributing Corp., Hollywood.

— ■ —
Imports of Japanese radios have helped pioneer new market which has aided American manufacturers of transistor radios. So said Electronics Industries Assn. of Japan in statement filed with House Labor Subcommittee investigating impact of imports on U.S. employment. Statement said U.S. electronics exports last year were 3 times as great as imports (\$466 million vs. \$142 million), that import of Japanese components totaled only 3/10 of 1% of U.S. production, that import restrictions would hurt U.S. industry by weakening Japanese ability to buy from U.S.

WEEKLY **Television Digest**

OCTOBER 16, 1961

© 1961 TELEVISION DIGEST, INC.

NEW SERIES VOL. 1, No. 5

Albert Warren, Editor & Publisher

Wyatt Building, Washington 5, D.C., STerling 3-1755

The authoritative service for executives in all branches of the television arts & industries

SUMMARY-INDEX OF WEEK'S NEWS**Broadcast**

ZENITH & RKO UNFAZED BY ETOBICOKE LOSSES, spokesmen stating that their thinking about Hartford plans remains undisturbed (p. 1).

THOSE TROUBLED MIAMI CHANNELS: Proposed Ch. 6 winner charged by FCC Broadcast Bureau with faking letters to Commission. Supreme Court lets Ch. 10 decision stand (p. 1).

MINOW'S NO MENACE, SAYS COLLINS in NAB conference key-note. He pooh-poohs fears that "white knight's" policies jeopardize freedom of air (p. 2).

SATELLITE PLANS LAUNCHED by FCC's Ad Hoc Carrier Committee, which recommends non-profit group to manage space system, private ownership of satellites (p. 2).

"ACCOUNTS RECEIVABLE" headache in spot TV-radio: Nearly \$9 million in billings overdue in average month as result of paperwork blizzard (p. 3).

LEE COVERS THE WATERFRONT in Wis. speech, would give Ch. 6 to FM, laments FCC lack of authority in station sales approval, commends "search out needs" policy (p. 3).

Consumer Electronics

HERTZ TV-RENTAL BUSINESS booming. Offers 19-in. portables at \$5 weekly, \$15 monthly, and has increased its rental stock 10-fold since rental service began a year ago (p. 6).

TV-RADIO PRICE HIKES eyed by manufacturers, but no break in dike is seen. Granco factory prices raised 3%; Emerson & Du Mont adjustments being studied (p. 7).

SEMICONDUCTOR PROFITS still shrinking as price cutting continues unabated. Our talks with industry leaders reveal concern over fierce competition, maintenance of quality, continuation of R&D activities (p. 7).

TV MANUFACTURERS & BROADCASTERS—should they work together to improve medium which supports them both? Motorola thinks so, putting million dollars in 3 specials. "We want to join in this effort," says Galvin (p. 8).

TV OUTPUT PASSED 1960 figure in August, but no inventory problems are seen. Cumulative radio production lags behind 1960, due to slow auto radio business (p. 9).

ZENITH & RKO UNFAZED BY ETOBICOKE LOSSES: Paramount's problems with wired pay-TV system in Toronto suburb Etobicoke don't disturb Zenith and RKO, according to their spokesmen. Norman S. Robertson, a director of Famous Players Canadian, Paramount's pay-TV operating subsidiary, had resigned with blast stating that Paramount had failed to tell stockholders project was losing \$11,000 weekly (Vol. 1:4 p4).

Zenith Pres. Joseph Wright told us last week: "The events in Etobicoke don't affect our thinking about Hartford at all. Wired systems have certain disadvantages costwise. That's why we've worked so hard on an air system. It's a different animal in business considerations. We haven't seen Paramount's figures. I doubt whether anyone knows them except Paramount."

RKO General Pres. Thomas O'Neil was out of country last week, but a company spokesman told us: "We've always projected a loss for the Hartford test, so a loss for Etobicoke would come as no surprise."

In D.C. Court of Appeals, meanwhile, FCC defended itself against movie exhibitors who have challenged its authority to grant the Hartford test. Commission filed brief stating that it had jurisdiction to grant trial, that RKO met its conditions, that station licensee responsibilities wouldn't be impaired, that RKO supplied adequate information on programming.

THOSE TROUBLED MIAMI CHANNELS: Just as Miami Ch. 10 case reached the late, late stage last week—U.S. Supreme Court refusing to upset FCC and Court of Appeals ruling shifting channel from National Airlines to L. B. Wilson—city's Ch. 6 ran into problems.

FCC last spring instructed staff to draft final decision giving Ch. 6 to South Florida Amusement Co., denying Coral TV Corp. and Publix TV Corp. Coral later asked case be reopened, charging, among other things, that South Florida Pres. Sherwin Grossman faked letters to FCC members when he ran uhf WBUF-TV Buffalo.

Letters purported to come from Buffalo civic leaders, urging shift of WBUF-TV to Ch. 8. FCC turned Coral's petition down, saying it didn't have acceptable proof.

FCC's Broadcast Bureau then got into case, had letters examined by documents expert Albert W. Somerford of Post Office, who said 49 letters were typed on same machine used by Grossman and that 13 were signed by same person, using community leaders' names. Broadcast Bureau last week asked Commission to reopen case to examine "grave" charges, including in petition statement from WBUF-TV secretary Betty Lou Paupst, who said she was directed to write the letters by Grossman and exec. vp. Gary Cohen. Cohen isn't a principal of Miami (Perrine) application.

In Ch. 10 case, first of the hot "influence" cases involving former FCC Comr. Mack, apparently all that's necessary now is for Commission to tell WLBW-TV when to take over from WPST-TV. WLBW-TV has said it's ready on 15 days' notice; it has facilities built, skeleton staff standing by. It will take over ABC-TV affiliation. Next question: Will WLBW-TV hang onto channel? FCC said it could have it for 4 months, then it would have to seek renewal. It's assumed other eager aspirants will try to wrest channel away.

MINOW'S NO MENACE, SAYS COLLINS: Broadcasters might as well face up to fact that FCC Chmn. Minow has established himself with public as "the 'white knight'—the people's champion for improvement in TV programming," NAB Pres. LeRoy Collins said last week.

TV industry muffed chance to assume role itself, ignoring long-festering "public disaffection" for some network shows—and Minow just "moved in," Collins told NAB fall conferences in Dallas & St. Louis in keynote speech.

Collins developed & sharpened themes which he had outlined for us week earlier in interview (Vol. 1:4 p1), warning that it does no good for broadcasters to strike back furiously & blindly at such critics as Minow, inside or outside govt.

Minow "overstated his cause" in "vast wasteland" address to NAB convention in Washington in May (Vol. 17:20 p1), Collins said, but "there was justification for much of his criticism." At same time, Collins pooh-poohed fears expressed in some industry & trade-press quarters that FCC under Minow was out to subvert Constitution and deny broadcasters their freedom-of-air rights. "I simply do not believe the facts justify the extremism that has been expressed," he told conferences, which applauded him warmly.

SATELLITE PLANS LAUNCHED: After 75 meetings & good deal of fizzing, Ad Hoc Carrier Committee designated to design launching pad for controversial White House-FCC satellite-communication system proposals (Vol. 17:31 p3 et seq.) last week produced 31-page blueprint for non-profit corporation—and more arguments.

Industry group obviously had eye on Congress in recommending to FCC that development, construction and operation of system be controlled by non-profit setup. Hill critics have denounced original White House-FCC plan as scheme to give monopoly in space to private U. S. companies—particularly AT&T.

But private ownership of satellites themselves was urged by Ad Hoc Committee. It said any eligible FCC-recognized carrier should "participate in joint ownership" so long as it kicked in \$500,000 for venture. And each carrier would be permitted to "establish & operate its own ground stations." Investments would be counted in carriers' bases for FCC rate-making purposes.

General recommendations were signed by all 9 companies (10th invited company, U. S.-Liberia Radio Corp., didn't participate) represented on Committee. But RCA (which expressed wait-&-see doubts about plan), Western Union (which said it excluded too many companies) and other carriers required 26 appendix pages to record their qualified agreements with it.

Committee report disagreed with FCC itself on one significant point. Commission had limited participation in proposed private satellite consortium to established international carriers, excluding General Telephone. Inclusion of General Telephone was provided in broader definition of international carrier as any U. S. communications company which "participates in international communications."

Non-profit corporation would be headed by director, number undetermined. President Kennedy would appoint 3 directors. Each authorized participating ownership company would be entitled to name 2 directors. Another would be designated by non-owning carriers.

AT&T pledged \$50 million for venture initially—and \$15 million more if needed. RCA said it wasn't

ready to put any money up—that it has “espoused no particular form of organization & ownership of communications satellites.” Western Union said it would put up no more than \$5 million, that satellite ownership should be open to all U. S. “carriers, aerospace companies, equipment manufacturers, and the general public, to avoid dominance.”

“Political realists” on Committee were credited at FCC with proposal for non-profit setup to allay Congressional suspicions of original plan. We were also told at Commission that any action on recommendations is unlikely soon, although they have “high priority” on FCC’s agenda. And it’s anybody’s guess what Congressional critics of satellite policy will do with plan after they come back to Washington in January. Senate Small Business Monopoly Subcommittee will get first crack at it in Nov. 8-9 hearings.

SPOT TV’S ‘ACCOUNTS RECEIVABLE’ HEADACHE: In any average month, more than \$6 million in national spot TV billings (add another \$2.8 million for spot radio) is 60 days overdue. That’s about 16% of all national spot business done by U.S. commercial stations. About half that figure is in arrears for 90 days or more. Some is as much as a year behind.

This measure of financial foot-dragging by major agencies & advertisers is from a new study of spot-handling practices made by Central Media Bureau Inc., latest firm to declare itself in the race to establish a centralized spot clearing house to accelerate cash flow to reps & stations. Other study highlights:

(1) It takes an average of 8 different paper forms, which differ widely between agencies, reps & outlets, just to process a single spot TV buy. Result: a paper blizzard.

(2) About 53% of the working time spent by the average agency timebuyer, 42% of the rep salesman’s work effort and between 6 and 15 man-days per station each month is devoted to time-consuming, payment-delaying paperwork.

(3) A big N.Y. agency spends \$500,000 each year in non-timebuying, routine servicing of spot TV-radio campaigns, of which \$65,000 goes for salaries of personnel involved in clearing discrepancies between what agency ordered and what station billed.

“The complexity of spot is defeating its purpose,” said CMB Pres. Kenneth C. Schonberg in N.Y. last week. “Constant earned-rate adjustments, package plans and policing problems are actually making it cheaper, in many cases, for agencies to process network buys rather than spot.”

CMB hopes to reduce paperwork load of admen, reps & broadcasters with billing-paying system that uses standardized forms, facilities of C-E-I-R Inc. (which has aided in CMB financing).

LEE COVERS THE WATERFRONT: FCC’s blunt-spoken, jovial Comr. Lee was in usual free-wheeling form last week in speech before an “FM Clinic” at U. of Wis. Admitting that some of his ideas are unpopular—“some would like to drop my weighted body into the Potomac whose polluted waters are quite convenient for the purpose”—he made these points:

(1) “I believe that the 72 mc of frequency space which the vhf TV stations occupy should be put to better use.”

(2) He’d give all or most of Ch. 6 to FM. Recently, he suggested that Ch. 2 through 8, in deinter-mixed markets, be given to mobile radio services (Vol. 1:3 pl).

(3) Everyone should be happy with FM stereo, because it “obsoletes nothing in hands of public, dealer, manufacturer or distributor.” Stereo standards are “very high” but “all this will go for naught if the heat of competition results in killing the goose that will lay a beautiful golden egg.”

(4) “It was the faith of the Commission that kept this FM band from being encroached upon by other communications users who demonstrated a valid need for additional facilities.”

(5) He’s unhappy about fact that FCC “has so little authority” in approving station sales: “We have seen a bothersome number of established well-programmed stations sold to rock’em, sock’em licensees who will program anything that sells.”

(6) He finds “far-reaching and invigorating significance” in FCC’s denial of FM applicant (Suburban) for Elizabeth, N.J. for “failure to ascertain the needs of the community” (Vol. 17:27 pl). He said he’ll be glad to see courts pass on FCC’s authority in this area “once and for all.” The public, he added, “should be given a voice in the nature and character of programs of proposed stations.”

CURRENT CAPSULES

Clear summary of industry opposition to FCC's "tough" policy efforts was presented by Washington attorney James McKenna to Alabama Bcstrs. Assn. Oct. 13. He traced history of TV and radio development, emphasized their differences, said Commission is seeking to apply 15-year-old standards to radio and is leaning toward "unconscious and unintended censorship." He noted that Congress gets tough when FCC is lenient, and vice versa. He ended on optimistic note: "Since the quiz scandals, we have been in a period of increasing regulation. There is reason to believe that we will soon reach the apex of this period, following which there will again be a decline in FCC attempts to regulate programming."

A different view was offered to Connecticut Bcstrs. Assn. Oct. 12 by Washington attorney Morton Wilner: "The new leadership at the Commission have exhibited absolute integrity in their conduct—and consistency in their decisions. Their public interest thrust is not new. It carries over from the immediate past chairman. The rule-making on programming information is a sincere effort to obtain meaningful information—and is not directed toward censorship or placing of licensees in a straitjacket. These men, although young, have had too much prior successful experience in dealing with people and industry not to recognize honest human error. This successful experience, in my opinion, will not permit them to depend on a mere arithmetical basis to determine the licensees' competence or artistic skill . . . I suggest that broadcasters not read the headlines but rather thoroughly digest the new proposed revision of [the program form]. Some might get some ideas that will induce more dollars in profit."

Chicaqoan FCC Chmn. Minow has been bombarded with several hundred complaints from good-music lovers living near Skokie, Ill. They object to interference to FM station WFMT Chicago, caused by new Class A WRSV which began operating Aug. 20. WRSV on 98.3 mc, WFMT on 98.7 mc, comply with Commission rules—and stations had agreed to accept any interference caused. But listeners to classical-music WFMT obviously aren't interested in rules. Minow has form letter telling complainants to try high-gain directional antenna, get serviceman to adjust set—and that WRSV is welcome to shift to another Class A channel, if it can find one.

RCA raises price 5% Nov. 1 on all TV, radio and closed-circuit TV equipment it makes. This excludes equipment, such as towers, it gets from other manufacturers. C. H. Colledge, vp-gen. mgr. of Broadcast & TV Equipment Div., said boost was caused by "increased engineering and manufacturing costs involved in turning out the more complex equipment required by current high standards" and that such equipment hadn't risen in price recently while other types of capital equipment had.

New applications for Syracuse, Rochester and Grand Rapids—for recently dropped-in vhf channels—will be accepted by FCC at least until Nov. 1, Commission announced. It said it wouldn't designate pending applications for hearing before that date. At the moment, there are 7 on file for Syracuse's Ch. 9, 5 for Rochester's Ch. 13, only one for Grand Rapids. There are more in works, particularly for Grand Rapids, according to Commission staff. (For details of applications filed, see recent TV Addenda.)

Big NAB had nose tweaked by a tiny FM applicant last week. Y T Corp., Class A applicant for Palo Alto which had been opposed in hearing by CBS's KCBS-FM because of interference potential, asked FCC to ignore an NAB petition which would have supported CBS. NAB had asked that Commission hold off action on applications such as Y T's pending finalization of new FM standards. Said Y T: "Regardless of what position NAB envisages for itself as a Cerberus in the nether world of FM allocations, it is clear beyond all doubt that it is not, and cannot be, a 'party in interest' to the adjudicatory proceeding being held . . ."

Add foreign TV growth: Sweden's Erik Esping, technical director of Swedish Telecommunications Board, reports that 2nd network is expected by 1965, color following year. He said 5 million of country's 7.5 million people are in range of TV. Our Spring-Summer TV Factbook shows 1,150,000 sets in use. . . . Canadian Bcstg. Corp. sends 2-man team to Ghana for 2 years, C. W. Harvison to advise govt. on technical matters, Frank Goodship on programming.

Martin Codel, ex-publisher of Television Digest, now industry consultant, returns this week end from 10-week TV-radio survey of South America.

"All FCC matters fade into insignificance compared with speculation about supergrades." So commented a top Commission staffer last week. He referred to fact Congress is allowing a few hundred more govt. employes in top grades—up to Grade 18, which pays \$18,500. Along with all other govt. agencies, FCC must go through "comparative proceeding" before Civil Service Commission which decides who gets what—and doesn't have to tell why. FCC is asking Grade 18 for 6—4 bureau chiefs, general counsel and chief engineer. It's likely to get few, if any, competing as it does with such huge establishments as Defense Dept.

First action on new "Sec. 307(b) withdrawal" rule was taken by FCC last week. It refused to let Lamar, Mo. AM applicant withdraw from competition for 1560 kc with Joplin, Mo. applicant on payment of \$194 expenses, which would have left Joplin free for CP. Commission noted that cities are 32 miles apart, that Joplin has 3 stations, Lamar none. It ordered Lamar applicant to publish fact of his withdrawal, invited new applications for Lamar for 30 days.

Election campaign debates on TV should be shunned by incumbents, former President Eisenhower told CBS-TV's Walter Cronkite. Interviewed on "Eisenhower on the Presidency" show, Gen. Eisenhower said: "I can't think of anything that's worse. Any man that is an incumbent has to stick to the facts. He is a responsible man debating with someone who, if he chooses, can be irresponsible." The Eisenhower advice to politicians: "When you're in, never debate with an outer."

Product "puffing" on TV came under skeptical scrutiny by FTC at hearing on recommendation by examiner William L. Pack that deceptive-advertising case against Colgate-Palmolive and Ted Bates agency be dismissed (Vol. 17:22 p9). Pack held that "sandpaper" commercials for Rapid Shave cream were "harmless exaggeration or puffing." But most FTC members at hearing indicated they didn't go along with examiner's tolerant reasoning, that they thought commercials were questionable—harmless or not.

Storer's deal to buy radio WINS N.Y. for \$10 million has been called off and Storer has reached agreement to acquire WMGM. FCC has been holding up WINS renewal, questioning whether management was implicated in disc jockey payola; vote on renewal is expected this week. Crowell-Collier agreement to purchase WMGM was called off after Commission questioned Crowell-Collier's qualifications in operating other stations (Vol. 17:28 p10).

W. D. (Dub) Rogers' \$3.8-million sale of his KDUB-TV & KDUB Lubbock and KEDY-TV Big Spring, Tex. to Grayson Enterprises Inc., whose Pres. Sidney A. Grayson owns 15% of KSYD-TV Wichita Falls (Vol. 17:27 p16), has been approved by FCC.

Liquor commercials must be kept off air, Texas Assn. of Bcstrs. said in resolution adopted after NAB's fall conference in Dallas (see p. 2). Calling on all state TV-radio organizations to join in reaffirmation of NAB Code policy, resolution said: "We do not believe such advertising is in the public interest."

New advertising-traffic patrolman has been put on TV-radio beat by FTC Chmn. Paul Rand Dixon. Veteran FTC lawyer Frank C. Hale will be program review officer—new job in which Hale will "study the various areas of our economy, locate the primary trouble spots, and make recommendations."

KATU (Ch. 2) Portland, Ore. plans "early 1962" start, reports Vp-Gen. Mgr. William J. Hubbach. GE transmitter is being installed on Livingston Mountain, and test pattern is due Nov. 1. Studios at 2153 N.E. Sandy Blvd. are to be completed in Dec. Katz is rep, and staff is being recruited now.

FCC Chmn. Minow's views on TV programming are shared "personally" by more than 90% of 408 advertising executives polled by Printers' Ink magazine, which said that most respondents expect "evolutionary program improvement through changes in public taste and sponsor outlook."

Vhf translator rules have been finalized to permit a translator to feed more than one 1-watt final RF amplifier to serve different communities, FCC warning that no combinations of amplifiers will be permitted to increase radiation in any direction. It's Doc. 14132, amending Sec. 4.735(a).

Consumer Electronics

MANUFACTURING, DISTRIBUTION, FINANCE

HERTZ TV-RENTAL BUSINESS BOOMING: Growing volume & profit are being mined, apparently, by giant Hertz Rent-All Corp. in a field which has proved barren for many TV dealers—the short-term rental of TV sets to consumers.

"TV represents one of our better business items—despite the fact that we don't really promote it," Hertz Rent-All vp-gen. mgr. Harlan Liss told us last week. "It's only one of numerous products we offer. If we really merchandised TV, I'm convinced we could rent all the TVs we wanted to handle."

Hertz Rent-All has been renting TVs since its formation last November (Vol. 16:40 p16) as a subsidiary of the worldwide car & truck rental & leasing organization. The rental operation now embraces 3 company-operated stores in Chicago. Slated for opening next month is a posh showroom in New York, at ground level of Newsweek Bldg. at 444 Madison Ave. In addition, Hertz Rent-All has franchise operations in South Bend, Ind., Norfolk, Va., and New Brunswick, N.J., a franchiser scheduled to open in Cincinnati, and 4-5 other franchisers slated for other areas of the country. "We hope eventually to be in every major city in the country," Liss said.

Rental firm offers a broad range of merchandise, found an instant demand for TVs. "We started with a minimum inventory a year ago," Liss told us. "Today our TV rental stock is 10 times greater than it was when we started." Hertz offers Motorola & Sylvania 19-in. portables, charges \$5 weekly, \$15 monthly. "It's really an emergency rental service," he said, noting that his No. 1 & 2 customer groups are home owners with guests and TV owners with broken sets.

Hertz has had some calls for color sets but doesn't handle them. "I'm not convinced that they are mechanically feasible for this type of business," Liss explained. "Rental equipment must be simple and easy to operate, because service can eat away your margin quickly. Even on b&w TVs we have service calls for problems a child could solve." Over-all, service & damage represent minimal problems. "The vast majority of people who rent are responsible, take care of the merchandise and will pay for any obvious damage above normal wear & tear."

A "very successful" operation, is the way Liss summed up his TV rentals. The profit potential is so attractive, he said "that I'm convinced we could do well if we stocked TVs the year round for rental only for the World Series and the 4-5 other major sports events of the year. The World Series cleaned us out—and we rented our sets on an all-games basis."

We spoke also with Hertz's New Brunswick franchiser, Lee Merel, who shares Liss's optimism for TV rentals despite a sad experience. Merel opened his Hertz Rent-All just before the World Series, but his TV stock hadn't arrived by the final game. He will offer Philco & Sylvania 19-in. portables, at \$7 weekly, \$21 monthly. He buys his TVs direct from the TV companies, is handling his own service. He, too, has had calls for color sets but has no plans to carry them because "it will take too long to get the investment back on a rental basis."

Despite Hertz's seeming success, few TV dealers apparently have been able to make a go of TV rentals. NARDA Chmn. Mort Farr told us that to his knowledge there are few dealers in the country who rent. Farr operates a big TV retail outlet in suburban Philadelphia and used to rent sets—"but we found that it did more harm than good."

"There's very little reason for people to rent TV sets today," Farr said. "People with broken sets usually can get a replacement from their service dealers while their sets are being repaired. A good many dealers offer this service. It seems to me, however, that there's little of this 'emergency' interest in TV anymore. Even TV interest in the World Series was way down. I don't think there's much percentage in trying to build a rental business on the basis of 'emergency' customers. As for me, I don't want my new sets misused on a rental service and I don't want the headaches of renting trade-ins."

TV-RADIO PRICE HIKES IN WORKS? Cost-price squeeze is getting tighter for many manufacturers. Business looks good for rest of year. There's very little dumping. Is this the time to raise prices? Several set makers are studying question closely.

There's been no break in price dike yet—but maybe a little leak. Emerson will increase factory prices of its entire Granco radio line by 3% across the board Nov. 1, with readjustment of list prices. Move was prompted by increases in labor and material costs.

Does this foreshadow TV price hikes? As to Emerson and Du Mont lines, Pres. Benjamin Abrams told us at week's end: "We don't know yet. We're studying it. On the basis of costs, we think there should be increases generally."

In an unrelated price action, Sylvania has dropped all suggested list prices. Official reason, as given by Sylvania Home Electronics Pres. Peter J. Grant: "We feel that they have lost some of their significance because of varying marketing conditions across the country." Company intends to issue no retail pricing information either to distributors or to public.

Factory prices of Sylvania products have not been changed with the dropping of list prices. Whole area of list prices continues to be extremely touchy; pilot case on use of list prices in comparative advertising is due for FTC hearing Nov. 7, on appeal by big Washington retailer George's Radio & TV (Vol. 1:4 p10).

SEMICONDUCTOR PROFITS STILL SHRINKING: It's getting tougher than ever to make a buck in semiconductors, and there's no relief in sight. What is in sight—unless pricing stabilizes quickly and cutthroating is stopped—are a drop in product quality, a curtailment of development & research activity, and an increase in the number of manufacturers who will be squeezed into merger or bankruptcy. That's the consensus of industry leaders with whom we spoke last week.

Virtually all report that current sales & profits conform with the general industry pattern—which at halftime saw sales up 46.4% over 1960, but dollar volume ahead by only 2.7% (Vol. 17:34 p14). Most are offering considerably more semiconductor types than they were this time last year, and areas of competition are increasing. Sprague Electric believes that specialization is one answer to the industry problem and is also moving in the direction of specialty semiconductors.

There's general agreement that industry is suffering effects of 3 "Os"—over-optimism, which led to over-capacity and over-board spending. One knowledgeable sales executive told us that the profit squeeze has become so fierce that his company was able to get a duplicate reorder on a 1960 contract involving several hundred thousand pieces only by cutting the price to less than half the 1960 figure. "What we're beginning to run into now," he said, "are discounts and discounts on top of discounts—the kind of throatcutting that was once so prevalent in the electron tube field."

Most of the companies we spoke with are taking this kind of competition in stride and showing their confidence by expanding. CBS Electronics was the most recent major to quit the semiconductor field (Vol. 17:37 p13), but Raytheon has taken over the former's model plant at Lowell, Mass. as the hq of its expanded Semiconductor Div., and Sprague purchased from CBS specialized manufacturing equipment which will increase its transistor production by about 30%.

Here is a sampling of the thinking & planning we found in the semiconductor industry last week:

GE Semiconductor Products Dept.: Product planning mgr. E. O. Vandeven told us GE is now producing 25% more transistor types than it did a year ago and "we foresee a definite increase in types by us

and industry" to meet increasing needs of customers. He thinks the industry eventually will shakedown to both broad-line companies as well as specialists.

GPE's Kearfott Semiconductor Corp. subsidiary: Special projects mgr. Saul Liss looks forward to a good 1961 but agrees that increasing competition is thinning the profit margin. He attributes industry's plight to "the tremendous number of over-optimistic manufacturers who over-expanded and now find themselves in a fiercely competitive situation." He foresees more semiconductor companies stabilizing on fewer semiconductor lines, and more standardization coming to transistor types.

Motorola Semiconductor Products Div.: Vp Dr. C. Lester Hogan told us 1961 business is "up substantially" over 1960 and Motorola "looks for a satisfactory profit in spite of the fact that there are competitive forces at work, that there are more manufacturers in the picture and that production capacity has greatly increased." He noted that Motorola is continuing to expand its line "in breadth & depth" and believes that throughout industry "semiconductor products will continue to increase in number & capability."

RCA Semiconductor & Materials Div.: Vp-gen. mgr. Dr. Allan M. Glover said that the profit pinch is getting tighter and that it is impossible to forecast 1961 business "because of the current unsettled conditions" in the industry. RCA has introduced a number of new transistor types this year and will continue to broaden its line. The recently introduced RCA "universal" silicon transistor (Vol. 17:34 p14), which can perform the functions of upwards of 40% of the more than 2,000 transistor types now on the market, reflects one trend "we will accentuate," Dr. Glover said.

Raytheon Semiconductor Div.: A spokesman noted that unit sales are up & dollar volume down from a year ago, "but we're demonstrating our faith in the industry" with new plants in Maine & Massachusetts. Raytheon Pres. Richard E. Krafve, he noted, forecast recently that today's multiplicity of manufacturers would dwindle to about a dozen in 5-10 years. Krafve declared: "The shakeout is on in the semiconductor field and the race will go to the lean and the hard and the hungry."

Sprague Electric Transistor Div.: Gen. mgr. Robert L. Parrish told us that "sales are up moderately but we're having to ship considerably more units to equal 1960 billings." Sprague has broadened its line in 1961, is also moving into specialization. "We hope we will not be entirely dependent on switching types of transistors where the major price cutting is taking place," Parrish said. "We hope to lead the development of our new products into the area of specialization. Competition is very strong. This is a hard business and it's disappointing to see it come to this. The product is difficult to make, and all this price cutting could affect quality in the industry. That's the real problem—that companies unable to take the competition will cut corners at the expense of quality. Sprague is one company that won't compromise with quality."

Sylvania Semiconductor Div.: Vp-gen. mgr. Dr. William J. Pietenpol termed the profit squeeze "an impossible situation, a very serious thing that can have the obvious effect of curtailing developments for the future." R&D represents one area in which manufacturers can cut costs, he said, "and this would be bad for the industry and for national defense." Pietenpol said Sylvania's 1961 dollar volume is about the same as a year ago, but unit volume is up considerably—reflecting the profit squeeze. He believes the glamour of transistors was overplayed, "resulting in the tremendous influx of manufacturers—well over 150 today—and a serious overcapacity in the industry." He forecast that more mergers and dropouts will develop in the near future, that the big manufacturers will continue to offer broad product lines, that "specialization may be the salvation of small manufacturers."

TV MANUFACTURERS & THE TV MEDIUM: Nobody has come up with satisfactory formula for the relationship of TV program quality to TV set sales in today's saturated market. However, just as the radio makers were the first sponsors on network radio, so TV set manufacturers were among the earliest on TV—feeling a deep obligation to help provide attractive programming to encourage set purchases.

From TV's less saturated days, memory still serves to identify TV makers with quality programming—Admiral with the Max Liebman-produced Sid Caesar variety shows, Westinghouse with Studio One, Philco & Motorola with top live drama shows. GE & Westinghouse, advertising their broad range of consumer products, and RCA, pushing color, are still identified with top-quality TV programming.

Has the TV manufacturer a responsibility to foster improvement & "uplift" in the medium which supplies his bread & butter? In recent years we have heard little on this subject except from Zenith, which feels that real answer to improved programming lies in pay TV, and is backing this conviction with action.

About half of the major TV manufacturers, in fact, have chosen to leave TV alone as a national ad medium—preferring to concentrate on magazines, newspapers, billboards, presumably as more efficient way to contact prospective TV set purchasers.

After an absence of 7 years, one large set maker, Motorola, has returned to network TV this season, investing a million dollars in series of 3 prestige specials. Already this season, it has presented the 60-min. "Carnegie Hall Salute to Jack Benny" and is scheduled to sponsor the 2-hour dramatization of The Power & the Glory (Laurence Olivier, Julie Harris) and the Bing Crosby Christmas program.

Motorola Pres. Robert W. Galvin recently broke industry silence surrounding discussion of TV program quality. We think his remarks are worth summarizing here.

Pointing out that it may be "shrewd" for manufacturers to sponsor private eyes, Westerns, etc., "regardless of their lulling effects on intelligence & cultural standards," Galvin said: "We feel that this attitude is not compatible with the leadership that industry covets in our national economic & cultural life. True leadership can come only from high-purposed convictions and from supporting actions which beckon all people to higher levels of intellectual interest and emotional experience. Leadership today requires facing up to life's realities rather than fostering escape routes."

Praising efforts of networks to upgrade program quality, Galvin tackled question of whether TV receiver manufacturers also shared some responsibility. Praising such advertisers as U.S. Steel, Du Pont, Hallmark, Bell & Howell and GE, he added:

"Respect & admiration for others is not enough. We want to join in this effort. We want to help insure the future importance and the significance of TV as a dynamic force in man's progress through better quality, more meaningful program products. In the final analysis, we believe this conclusion is a practical one. For as the importance of the information & entertainment beamed by TV grows, so goes the marketability and the personal value of the receiver."

The trio of shows is only "a beginning" for Motorola, said Galvin, whose comments seem to us to effectively tie in Motorola's drive to build an image of quality & leadership with its serious concern for the well-being & value of the medium which gives Motorola its sustenance.

Whatever Motorola's self-interest in this pronouncement of its obligation toward the TV medium, we feel it is the type of enlightened self-interest which will at least open for discussion the whole subject of the relationship between TV broadcasters and their "circulation managers"—the manufacturers, distributors & dealers of TV receivers. We'd be interested to know what you think.

TV OUTPUT PASSES 1960 FIGURE: Production of TV sets caught up with last year during August, official monthly EIA figures show—with 8-month production for 1961 almost identical to 1960 (3,699,188 vs. 3,694,187).

Despite fact that TV production this year almost certainly will be greater than last year, there seems to be no industry worry about overproduction. Already there are reports of shortages and expected shortages in some models (Vol. 1:4 p7), and business for rest of year should be better than last year. Last August, if you'll recall, was the month that many manufacturers began to tighten reins on production because of consumer buying slow-up.

EIA figures show radio production slightly behind last year—but all of this lag (and then some) is represented by slowdown in auto radio production first half of this year. Incidentally, August was first month this year when auto radio output exceeded that of comparable 1960 month. Cumulative FM radio production appears to be sharply behind last year—but remember, EIA's figures cover table models only, don't reflect this year's increased use of FM tuners in hi-fi phonos & combinations. EIA's 8-month production figures:

| Month | TELEVISION | | | | RADIO | | | | | |
|-------------------|------------------|------------------|----------------|----------------|------------------|-------------------|-----------------------|------------------|----------------|----------------|
| | Total Production | | Uhf Production | | Total Production | | Auto Radio Production | | FM Production | |
| | 1961 | 1960 | 1961 | 1960 | 1961 | 1960 | 1961 | 1960 | 1961 | 1960 |
| January | 367,935 | 526,494 | 25,270 | 50,119 | 1,090,073 | 1,355,788 | 387,136 | 632,461 | 50,421 | 33,816 |
| February | 444,418 | 503,453 | 24,514 | 43,537 | 1,115,029 | 1,442,368 | 307,973 | 596,872 | 41,357 | 56,515 |
| March | 497,458 | 549,500 | 21,450 | 45,411 | 1,384,052 | 1,667,550 | 384,227 | 633,761 | 75,044 | 83,127 |
| April | 405,808 | 422,551 | 19,095 | 39,240 | 1,124,924 | 1,230,323 | 375,570 | 399,963 | 51,260 | 68,196 |
| May | 470,399 | 442,176 | 22,782 | 32,295 | 1,196,949 | 1,277,040 | 408,875 | 463,165 | 49,705 | 65,438 |
| June | 615,118 | 518,870 | 34,641 | 34,245 | 1,626,263 | 1,551,451 | 518,010 | 596,870 | 88,808 | 105,317 |
| July | 383,378 | 268,854 | 23,233 | 14,621 | 1,030,399 | 890,359 | 320,128 | 328,009 | 48,114 | 49,707 |
| August | 514,674 | 462,286 | 33,946 | 26,829 | 1,385,101 | 1,048,406 | 451,374 | 340,860 | 69,090 | 71,125 |
| TOTAL..... | 3,699,188 | 3,694,184 | 205,011 | 286,297 | 9,952,790 | 10,463,285 | 3,153,293 | 3,991,961 | 473,799 | 565,665 |

TOPICS & TRENDS

Charge of import "counterfeit" has been made in U. S. District Court in Chicago by Pickering & Co., which has named as defendant Wico Corp., Chicago importer-distributor. Patent-infringement suit charges Wico copied Pickering stylus assemblies used in Seeburg juke boxes and has been selling them direct to juke operators. It's no small-time business; Pickering Pres. Walter O. Stanton told us needle-replacement trade among operators of Seeburg juke boxes "runs well into 6 figures annually, since needles are changed as often as once a month." Pickering charges Wico's Swiss-made sapphire styli have been "exactly copied" from its designs. Wico denied the charge.

GE's sales & earnings were a little higher than 1960 levels in the 3rd quarter. Its sales rose 3% to \$1,063,621,000, earnings a fraction of one percent to \$57,516,000 (65¢ a share). Chmn. Ralph J. Cordiner said consumer goods sales were about same as the accelerated shipments of the pre-strike 3rd quarter of last year.

"Receiver Certificated With FCC." That's all a label on receiver need say, EIA told FCC, responding to recent proposal regarding radiation-labeling requirements. It recommended that no specific size of label be required, only that it be "accessible, clearly legible and readily identifiable," and that Commission be sure to apply rule to imported sets. Electronic Industries Assn. of Japan, through Washington counsel M. William Tanaka, said it agrees with FCC proposal "in principle" but suggested label be ½ x 1 ½-in. instead of 1 x 3-in. because receivers are getting smaller & smaller.

New Jerrold jobs: Kenneth E. Farr, ex-Philco, Westinghouse and Hazeltine, has been appointed chief engineer of Jerrold Electronics' expanding industrial products div. at Huntingdon Valley, Pa. John W. Black Jr., ex-Bendix and Tele-Dynamics, heads new products design div. in lab there.

Emerson stockholders will be offered 320,000 common shares of subsidiary Emertron's stock on subscription basis of 7 shares of parent's stock for one of Emertron, which concentrates on missile & aircraft sub-systems. SEC registration (File 2-19107) listed F. Eberstadt & Co. as chief underwriter, didn't specify subscription price.

New head of electronics div. of Commerce Dept.'s Business & Defense Services Administration is E. MacDonald Nyhen, who became acting dir. in August when Donald S. Parris was promoted to chief of industrial equipment div. (Vol. 17:34 p15).

Automatic civil defense alarm-radio has been developed by GE and demonstrated to Office of Emergency Planning in Washington. The 2-Compactron set would utilize OEP's proposed NEAR (National Emergency Alarm Repeater) system, which activates civil defense warning signal via power lines. In event of emergency, GE's alarm radio would sound buzzer and automatically tune to civil defense radio frequency when activated by NEAR signal on power line. GE's receiving tube dept. said it can make a kit containing essential parts available to radio manufacturers.

New Philco producer in France: Schneider Radio has been licensed by Philco Corp. to make Philco brand TVs, radios, and phonos for sale by Philco International in France and other European countries.

Not waiting for "the big boys," Pilot Radio has signed with New York's WQXR-FM to sponsor 8 hours of midday stereo programming weekly beginning Oct. 23, supplying dealers with programming to demonstrate FM stereo receivers during store hours.

TV-RADIO PRODUCTION: EIA statistics for week ending October 6 (40th week of 1961):

| | Sept. 30-Oct. 6 | Preceding wk. | 1960 wk. | '61 cumulative | '60 cumulative |
|-------------------|-----------------|---------------|----------|----------------|----------------|
| TV | 157,656 | 150,901 | 131,583 | 4,554,989 | 4,505,124 |
| Total radio | 451,804 | 448,769 | 426,968 | 12,432,408 | 12,838,771 |
| auto radio | 147,328 | 124,724 | 169,171 | 3,877,381 | 4,949,698 |

OCT 23 1961

WEEKLY **Television Digest**

OCTOBER 23, 1961

© 1961 TELEVISION DIGEST, INC.

NEW SERIES VOL. 1, No. 6

Albert Warren, Editor & Publisher

NAB LIBRARY

Wyatt Building, Washington 5, D.C., STerling 3-1755

The authoritative service for executives in all branches of the television arts & industries

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast

FORD WORRIED ABOUT RADIO ECONOMICS, urges Congress allocate funds for study to determine whether ruinous competition harms public (p. 1).

TV NEEDN'T BE 'ASHAMED,' SAYS SALINGER, defending programming—particularly public affairs—against critics. White House aide gets Pulse Inc. award (p. 2).

BALABAN UNLOOSES PAY-TV "TRUE FACTS" in blast at critic of Etobicoke test. Paramount chief says experiment is losing only \$3,500 per week, not \$11,000 (p. 2).

ETV HEADS FOR NEW RECORD with 60 stations on air, 8 starters so far in 1961, 3 more due before year's end. Washington's WETA-TV becomes showcase (p. 2).

CANADIAN CATV GROWTH reminiscent of U.S. pattern few years ago, new systems coming to light (p. 3).

Consumer Electronics

COMPONENTS BUSINESS is up & improving. Our discussions with industry leaders reveal confidence in industry growth potential despite headaches of Japanese imports, price cutting and increased competition (p. 6).

NEW COLOR THEORY by Sylvania scientist explains color perception mathematically, may lead to new devices, improvements in color TV. Theory is outgrowth of Land color experiments (p. 7).

WESTINGHOUSE'S VIEW of color: The one company which made rectangular color tubes thinks shape of tube is relatively unimportant. "We believe in color," but time isn't ripe yet (p. 8).

FALL BUSINESS UPSWING documented in Sept. distributor-to-dealer sales figures: TV up 5% from last year, radio up 16%. Inventories continue at comfortable level, below 1960 (p. 9).

FORD WORRIED ABOUT RADIO ECONOMICS: FCC Comr. Frederick W. Ford has added another chapter to what now, clearly, will become a classic—a series of speeches which carves out and illuminates roles and problems of broadcasting in our generation.

Ruinous competition in radio? That's the simple thesis Ford examined last week in speech before Ky. Bcstrs. Assn. in Lexington. It's in tradition of his other addresses in last few years, which covered in same clarifying fashion such subjects as:

Programming, commercial practices, TV allocations, ETV, govt. ethics, CATV, editorializing, FCC and the courts, etc.

Ford's latest suggestion: Let's find out, soon, whether we're hurting the public by putting too many radio stations on air. We needn't worry about TV. That's an economy of scarcity—now.

With customary careful documentation last week, Ford presented basic financial vital statistics, FCC and judiciary policy on subject. In 1946, average radio station had revenues of \$221,000, income before taxes of \$57,100. In 1960, revenues averaged \$153,200, income \$14,900—and 1/3 of stations reported losses.

But here's the legal situation today, Ford reports: "The Commission cannot refuse to consider the economic effects of a new grant where an existing station offers to prove resultant injury to the public at large. Judging by Commission actions over the past 20 years, however, the nature of the evidence produced by the existing station would have to be extremely compelling to persuade the Commission to reach such a finding . . . Has the time come for the Commission to re-examine its thinking? . . .

"A careful analysis of all the factors involved in the rapidly growing number of AM radio stations should be made to determine whether they are all properly evaluated. For example, should our engineering standards be altered? Should our processing line rules be modified in such a way that priority would be given to processing applications in areas where the number of services or the number of stations is minimal or should the economic question be met head on in every case? These and many other subjects should be thoroughly explored so that whatever actions are taken will be based on a sound factual background which will give

some degree of certainty to the predictable effects of such actions. I hope that funds will be sought from the next session of Congress to make the study to which I refer.

"I am sure that radio broadcasters generally are worried about the economic future of their business as it affects their ability to comply with our program policy. During recent weeks, I have become increasingly concerned myself."

Few Ford recommendations—whether as FCC staff member, top Justice Dept. official, GOP FCC Chairman, or commissioner—have ever been tossed aside casually, by colleagues, Congress or commonwealth. We suggest you write him for full text of his talk.

TV NEEDN'T BE 'ASHAMED,' SAYS SALINGER: Despite blasts by FCC Chmn. Minow & other critics who think TV programming needs bettering, networks & stations have been doing good job and owe no apologies, according to President Kennedy's press secy. Pierre Salinger.

"You don't have to be ashamed of what you have been doing," he told broadcasters in N.Y. Oct. 18, accepting Pulse Inc.'s 1961 "man of the year" award for arranging live coverage of White House news conferences.

Salinger denied "poaching on Newton Minow's territory" in making his own appraisal of programming, but said he wanted to make this observation: "Whatever else it has done, the debate certainly has focused attention on the job the networks & the stations are doing in the field of news, information and public affairs. I think it is highly significant—as well as gratifying—that the quality of the job being done is almost universally praised. You don't have to be ashamed."

BALABAN UNLOOSES PAY-TV 'TRUE FACTS': Squall stirred up among Famous Players Canadian stockholders over losses in Telemeter's Etobicoke pay-TV venture (Vol. 1:4 p4) has blown lid off some closely-guarded trade secrets of operation in Toronto suburb.

"True facts" of situation were produced publicly for first time by Pres. Barney Balaban of parent Paramount Pictures in 4-page singespaced letter to Famous Players Canadian Pres. John J. Fitzgibbons. Dated Oct. 12 & released by Paramount 4 days later, letter said veteran dir. Norman S. Robertson didn't know what he was talking about when he resigned, accusing Paramount of "milking" Canadian operating company.

Etobicoke losses are running \$3,500 per week before depreciation—not \$11,000, as Robertson reported, Balaban said. Current weekly loss is under \$7,500 even if amortization of pay-TV system is added, he maintained.

"It costs money to make these tests and to maintain a proving ground for testing purposes," Balaban wrote, adding that it's only "common sense" to regard losses as "cost of pilot operation which could not possibly show a profit on its present narrow base."

Paramount has taken financial load off Famous Players, agreeing to make arrangement "retroactive" to Jan. 1, Balaban reminded Fitzgibbons in letter. He said he was "shocked" that Robertson "rushed into the press" with blast just before Paramount lawyers completed "remaining details" of deal.

Special pay-TV shows "cost us far more than we could possibly recoup" from 5,000 Etobicoke subscribers now linked to system, Balaban went on. But he said he was encouraged by "very significant" response to extra-added features. Examples: "Show Girl" with Carol Channing drew 35% of subscribers at \$1.50 per home. Local pro football games on pay TV have drawn 15% at \$2 while other games were on free TV at same time. Movies have been bought by half of subscribers at \$1 following "full theatrical release."

Pay-TV "vicissitudes" don't faze Paramount at all, Balaban concluded in his counter-blast at Robertson. "We plan to move ahead in major TV markets of the world."

ETV HEADS FOR NEW RECORD: Sixty educational TV stations were on air last week and 3 more are due before Dec. 31, promising to make 1961 biggest year in ETV history with 11 new starters in addition to launching of Midwest Project on Airborne TV Instruction (Vol. 17:21 p8).

At least 24 more prospective ETV outlets were listed for us by Washington office of National Educational TV & Radio Center (NET) as likely starters within next several years—and that cautious tally doesn't include WNTA-TV Newark-N.Y., whose purchase by ETV group has been challenged by N.J. Gov. Robert B. Meyner (Vol. 1:2 p4).

Newest stations on ETV operating roster are KTPS (Ch. 62) Tacoma and WHRO-TV (Ch. 15) Norfolk, which vied with Washington's new WETA-TV (Ch. 26) in race to get ready for opening of new school year, brought 1961 starting total to 8. Expected on air before year ends are WSTU-TV (Ch. 8) Carbondale, Ill.; WXGA (Ch. 8) Waycross, Ga.; WCBB (Ch. 10) Augusta, Me. Previous record: 10 in 1959.

Washington became national ETV showcase following Oct. 16 start of regular in-school programming by WETA-TV for 250,000 pupils in suburban Md. & Va. communities—but not in Capital itself, where school authorities have refused so far to participate. Despite D.C. boycott, WETA-TV hopes that station's impact will help persuade Congress to pass federal-aid-to-ETV legislation (Vol. 17:34 p8). First week's operation was reported generally successful, although some schools weren't ready and others needed antenna & set adjustments to correct faulty reception.

Big problem at WETA-TV is being seen in Washington, where all 4 commercial stations are vhf. Station had no estimate at last week's end as to how many sets in Washington homes had been converted for uhf reception, but demand by householders for adapters was enough to exhaust many dealers' supplies. Conversion wasn't complete even in FCC offices, although Chmn. Minow & Comr. Lee had their home sets ready for WETA-TV.

Cost of installing adapters was stickiest part of problem. One suburban dealer offered do-it-yourself equipment for \$19.95. Other TV service shops offered installation estimates of around \$24. But these prices seemed to be exceptions. One of first Washington householders to have his set fixed for uhf—David C. Stewart, who has dual job as NET's Washington dir. & secy. of Joint Council on Educational Bcstg.—got bill for \$89.59.

CANADIAN CATV GROWTH: As in U.S. a few years ago, community antenna systems keep popping up unexpectedly in Canada. Benco TV Associates Ltd., Rexdale, Ont., substantial equipment maker, recently supplied us with list of systems we didn't know about when we compiled directory in our most recent Factbook. Some are fair size, some tiny, some several years old, some new—but all new to us. Here's Benco's list:

Ontario: Red Rock, Madsen-Red Lake, Hearst, Cochenour, Renabie. British Columbia: Beaverdell. Alberta: Hinton, Red Deer. Quebec: Chandler, Grande Riviere, Quebec, Port Cariter, Valleyfield, Notre Dame de Laus, St. Justine, St. Joseph de Mekinac, St. Rene de Goupil, Gaspe.

In U.S., Entron Inc. reports supplying equipment to systems in Ft. Pierce and Vero Beach, Fla.; Emporia, Kan.; Big Spring, Tex.; Idabel, Okla.

CURRENT CAPSULES

WLBW-TV takes over Miami Ch. 10 from WPST-TV Nov. 20, FCC setting date last week, marking first time operating TV station has ever been taken off air. Though given only nominal 4-months' license, WLBW-TV is expected to keep channel in face of possible competition. One top FCC staff member mused about situation thus: "WLBW-TV is owned by out-of-town interests. Assume that Miami group challenged it; such a group would have advantage in local ownership. However, WLBW-TV would have a 4-month record to point to—and you can damn well bet it will be loaded with public service. This will balance the 'local ownership' angle." WLBW-TV starts with full 316 kw, 500 ft., plans 1,000 ft. Year ago, it sought to buy WPST-TV facilities, was asked \$5 million, declined. Spokesman says no negotiations are underway again for equipment purchase. WPST-TV property is said to be valuable real estate.

Reruns of 2 old "influence" cases featured FCC's hearing schedule last week. Full Commission heard arguments by Boston Herald Traveler's WHDH-TV that it should be reinstated in its Ch. 5, from which it was ordered evicted last year for alleged back door approaches to FCC members. WHDH-TV also said that Ch. 5 applicant Greater Boston should be disqualified because its corporate character was changed by resignation of stockholder Richard Maguire, who joined White House staff (Vol. 17:32 p9). Meanwhile, FCC examiner James Cunningham took another look at award of Jacksonville Ch. 12 to WFGA-TV, whose principals were accused of ex-parte dealings with ex-Comr. Richard A. Mack (Vol. 17:16 p5). In response to rare subpoena issued by FCC to a member of Congress, Rep. Herlong (D-Fla.) testified that even before Mack took office he confided that he was committed to Mitchell Wolfson, whose Wometco Enterprises is minority stockholder in WFGA-TV. Herlong said he found this out when he called Mack in behalf of loser Jacksonville Bcstg. Co.

All letters to FCC were genuine, South Florida Amusement Co. informed Commission last week, submitting affidavits to refute questions raised by FCC Broadcast Bureau in Miami Ch. 6 case (Vol. 1:5 p2). South Florida Pres. Sherwin Grossman, whose application has been favored over 2 competitors, submitted affidavit quoting various Buffalo civic leaders as stating they had authorized and signed letters (or authorized signatures) to FCC members, supporting efforts of Grossman's uhf WBUF-TV to obtain a vhf channel. South Florida urged Broadcast Bureau to withdraw its petition to reopen record.

Minow is known to be disappointed with uhf activity of ETV forces, is understood to be telling them: (1) They've been lax about promoting uhf. (2) All the vhf channels in nation wouldn't be enough for ETV's needs. (3) They should marshal strength to get all-channel-set legislation through Congress, at same time encouraging purchases of uhf converters and vhf-uhf sets. (4) Not enough ETV program showmanship.

In action to be made public this week, FCC has unanimously voted for Chmn. Minow's plan to encourage ETV within Commission. A new Research & Education Div. has been created to replace Economic Div. within Broadcast Bureau. H. H. Goldin will head Div., but chief of Education Branch is yet to be selected. Budget of Branch is tiny, \$18,000, covering salary of chief, secy., other expenses.

Worldwide "on-the-minute" news telecasts will come soon via satellites, Senate Commerce Committee Chmn. Magnuson (D-Wash.) predicted in speech to American Rocket Society in N.Y. He called on FCC to get together now with other govt. agencies on over-all, coordinated U.S. allocations plans to submit to 1963 International Telecommunications Union conference.

Worldwide TV is "pie in the sky" to people who think instantaneous satellite communications will be "panacea" for international cooperation & goodwill, according to FCC's specialist in such matters—Comr. Craven. It won't be that easy, he said in panel discussions at American Rocket Society meeting in N.Y. "Even if otherwise practicable," Craven said, "international TV will fail as a means of achieving understanding & cooperation among nations until diplomatic efforts have succeeded in alleviating the fears & suspicions."

FCC should reject satellite plan drawn up by its Ad Hoc Carrier Committee (Vol. 1:5 p2), House Judiciary Committee Chmn. Celler (D-N.Y.) said—as expected. Longtime foe of AT&T, Celler protested that it would dominate communications system, no matter how many ways capital investments are cut up under proposals by international carriers. "AT&T's power, potency and usage in the satellite system in relation to the other international carriers would afford it clear dominance," Celler wrote FCC Chmn. Minow. Deadline for comments on Committee's recommendations was extended meanwhile from Oct. 30 to Nov. 13 by Commission, which said General Telephone wanted more time.

New NAB Code Authority dir. Robert D. Swezey will be no "czar," but he'll keep "nagging" broadcasters until "our house is clean & in order so that we can stand & defend it in good conscience." This was theme of Swezey's speech at NAB fall conference in Salt Lake City—his first appearance as administrator of TV & Radio Codes. He said he sees his role as "industry conscience."

"More federal controls are inevitable unless there is a greater effort at self-regulation" by broadcasters, NAB's TV Code Review Board Chmn. E. K. Hartenbower (KCMO-TV Kansas City) told a regional meeting of American Women in Radio & TV Oct. 21 in Wichita. He said most TV & radio operators are "decent," but that too many still yield to "commercial expedients" in programming & advertising practices.

Business & govt. must pull together if U.S. is to beat back Khrushchev's threat of Russian economic supremacy by 1980, NBC Chmn. Robert W. Sarnoff told Chicago Executives' Club. "I do not believe we can afford the luxury of pulling in different directions at home," he said.

Public hearings for GE & Westinghouse to determine their fitness as broadcasters are demanded by Senate Judiciary Anti-Trust Subcommittee Chmn. Kefauver (D-Tenn.) Citing parent companies' monopoly records and decrying "most distressing" reports that FCC is ready to grant renewals of their station licenses (Vol. 1:2 p8), Kefauver says "Commission will be failin g in its public trust" if it goes ahead without hearings.

Personals

Theodore H. White, magazine correspondent and author of *The Making of the President 1960*, joins CBS News as creative planning consultant . . . John E. McArdle, Metropolitan Bcstg. Corp. TV sales dir., named to new post of vp-gen. mgr. of its WNEW-TV N.Y. . . . Glenn Marshall Jr., pres. of WJXT Jacksonville, elected vice chmn. of Fla. Educational TV Commission.

Frank Stanton, CBS Inc. pres., receives Cultural Leadership Award from Sterling Silversmiths Guild of America . . . Marvin V. McCormick, ex-Virginia Metal Products Inc., Orange, Va., named business affairs dir. of NBC o-&o stations and NBC Spot Sales . . . Robert Wogan promoted to NBC Radio network program dir.

Marion Harper Jr., Interpublic Inc. chmn.-pres., elected American Assn. of Advertising Agencies chmn.; John Crichton, *Advertising Age* editor, reported selected as 4-A pres. . . . J. Russel Smith appointed law & enforcement chief of FCC's Safety & Special Radio Services Bureau, succeeding Irving Brownstein, now asst. Bureau chief.

Walter Cronkite, CBS News correspondent, wins "distinguished achievement" award from U. of Southern Cal.

Fighting deintermixture, particularly aiming to preserve WISC-TV's Ch. 3 in Madison, Rep. Thomson (R-Wis.) blasted FCC Comr. Lee in a letter to Chmn. Harris (D-Ark.) of Commerce Committee. Lee had opposed Thomson's H. Res. 450, which would hold up FCC action pending evaluation of N.Y. uhf experiment. Lee said N.Y. tests aren't necessary to judge whether uhf will work adequately in other areas. Thomson argued that N.Y. tests were sought by FCC to compare vhf & uhf generally, not merely for N.Y. In Illinois, meanwhile, state legislature passed resolution urging Congress to enact measures blocking deintermixture.

Deintermixture grace period for KERO-TV Bakersfield to operate on its Ch. 10 has been recommended in an initial decision by FCC hearing examiner David I. Kraushaar. He said it should be left alone until the station's present license expires Dec. 1, 1962. Rejecting Broadcast Bureau demand that KERO-TV be shifted promptly to Ch. 23, carrying out Commission's all-uhf plan for Bakersfield, Kraushaar said he hadn't been persuaded that any "objectively definable public benefit" would result from any hurried transition.

Microwave grant upheld: KSTF Scottsbluff-Gering, Neb. has lost its appeal from FCC's microwave grant to Collier Electric Co. to carry Denver TV signals to Alliance & Scottsbluff CATV systems. KSTF asked the Court of Appeals to reverse Commission on grounds—among others—that Collier modified its microwave plans and proceeded with construction without permission. Court held, however, that unauthorized changes were unintentional and that FCC properly turned down KSTF's protest.

Storer earnings slipped in 3rd quarter this year to \$702,584 (28.4¢ per share) from \$733,072 (29.6¢) in corresponding 1960 period. For 9 months: \$2.7 million (\$1.11) vs. \$3.6 million (\$1.44). Results were announced following disclosure of Storer's deal to buy radio WMGM N.Y. from Loew's Theatres (Vol. 1:5 p5).

Second International TV Festival will be held next April 23-May 5 in Montreux, Switzerland. TV symposium, in which 400 specialists from 32 countries participated at this year's exhibition, is scheduled for April 30-May 4.

journalism school . . . Richard B. Barnhill promoted to operations mgr., WNBC-TV N.Y., succeeding Allan B. Connal, now in operations dept. of NBC-TV . . . John S. Hansen, gen. mgr. of KPTV Portland, Ore., named pres. of operating subsidiary Oregon TV Inc.

Marie Torre reported quitting as *N.Y. Herald Tribune* TV-radio columnist, to be replaced by Jack Iams of *Newsweek* . . . Paul Arnold, TV-radio singer, writer, producer and announcer, named TV-radio editor of new Washington-published weekly *World*.

Robert H. Klaeger elected pres. & chief exec. officer of Transfilm-Caravel Inc., replacing William Miesegaes, who became exec. committee chmn. of N.Y. producer of TV commercials, industrial films and business shows . . . Jack M. White promoted by GE to midwest district mgr. of closed-circuit equipment sales . . . J. Ralph Crutchfield appointed ARB station sales supervisor; Jim Rupp, station services marketing dir.

Max Paglin, FCC gen. counsel, analyzed equal-time rules as "A Headache or a Boon" in Boston speech at joint meeting of Bcstg. Executives Club of New England and Mass. Bcstrs. Assn. . . . Donn Shelton promoted to promotion mgr. of WITI-TV Milwaukee.

FCC should take lesson in TV programming from what happened when CBS presented interview with former President Eisenhower in prime time (Vol. 1:5 p5), columnist David Lawrence wrote last week. Deploring low audience rating ("about 7%") for "one of the most remarkable TV programs of all times," Lawrence said poor showing in competition with entertainment should teach FCC that public's tastes aren't changed by criticizing networks for too little public service. "FCC will make more progress & the American people will get the TV shows they like if the govt. keeps its hands off programming," he maintained.

Payola conviction of Peter C. Tripp, former disc jockey at radio WMGM N.Y., brought \$500 fine and 35 separate 6-month jail sentences, which were suspended by 3-judge N.Y. court. Tried under state commercial-bribery law, he was found guilty of taking \$36,050 from 8 record manufacturers to promote their music on air from June 1958 to Oct. 1959. "There is no doubt that I'm the scapegoat & the fall guy for the whole country," Tripp told reporters. "Today there are still hundreds involved in payola."

WINS N.Y. won renewal of its license by 5-2 FCC vote, Chmn. Minow & Comr. Bartley dissenting because they wanted hearing to explore payola charges against radio station (Vol. 1:5 p5). "There remain substantial questions whether the licensee has been wholly candid and whether, for purposes of its own, it wilfully or recklessly tolerated the taking of payola by several of its key employees," Minow said in statement.

Million-dollar fire wrecked studios & equipment of WGBH-TV Boston Oct. 14 but didn't put educational station off air for long. It was back in operation 2 days later in temporary quarters at Catholic diocesan TV center, using tape equipment loaned by Boston's 3 commercial stations.

More vhf channel-shuffling in Neb., Wyo., Colo. & Kan. has been proposed by FCC to provide assignments for a Kan. ETV network, add a channel to Scottsbluff-Gering-Terrytown, Neb. and add Ch. 11 to Julesberg, Colo. (For tabulation of extensive shifts proposed, see *TV Addenda* herewith.)

Consumer Electronics

MANUFACTURING, DISTRIBUTION, FINANCE

COMPONENTS BUSINESS IS UP & IMPROVING: Sales & profits are perking up in the components industry, and outlook is for a good 4th quarter and a rising business curve into the first quarter of 1962. That's consensus of industry leaders with whom we spoke last week.

Despite current headaches of Japanese imports, fierce competition and price cutting, most components makers see only growth and new markets to conquer ahead. They point to a host of new and relatively untapped growth fields for components. Among them: microwave, citizens band radio, data processing and other equipment for the broad range of business services.

Industry growth has been charted by Centralab Pres. W. S. Parsons. He's just completed a study of 10 components manufacturers, "picked at random," to determine what progress they've made over past decade—and why. He found they aggregated a growth of 172% since 1950. Individually, growths ranged from a high of 155% to a low of 33%—"and the important factor is that each of the 10 companies showed substantial growth over the period," Parsons noted. Despite increasing competition, particularly from overseas, market is expanding significantly.

Japanese imports continue to plague & divide industry. Some components makers still hold to their resolve to have nothing to do with made-in-Japan products. Others are meeting Japanese competition by joining it. A prime example is General Instrument which is now distributing the products of Japan's Toko Radio Coil Labs. Pres. Monte Cohen told us: "It becomes more difficult to make certain products in your own plants and compete with imports at their prices." Still other companies are now looking with less disfavor on possibility of handling Nippon products. Among them: The Muter Co.

"We know that some companies are taking on Japanese lines," Pres. Leslie F. Muter told us, "and quite frankly we're taking a good look at the situation ourselves. We don't want to get into handling Japanese products, but we may have to. If you can't beat 'em you may have to join 'em—and it's almost impossible to compete with them on some items. Some of our customers buy American only. But others are being forced to Japanese components to stay competitive. We can't blame them. We're looking into Japanese products for the same reason."

Here are comments & opinions of other industry leaders we spoke with:

Centralab: Pres. W. S. Parsons told us sales are up, "not violently, but up," and rising. "However, costs haven't come down and there's a big squeeze on profits. For the year, our sales should be ahead of 1960 by at least 10%—but we'll be lucky to reach the 1960 profit level." TV-radio components business, he said, has now picked up to a point "where it pays to go out and talk to people." He noted a considerable unrest in the industry, with movement & shifting of personnel at high levels, attributed it to tightening profits and dissatisfaction with salaries & bonuses. Summing up import situation, Parsons said that manufacturers who distribute components "are like kids playing with a chemistry set in the basement—they run a good chance of blowing up their own homes."

C-B-C Electronics: Gen. mgr. Manuel Doxer said that sales are running about the same as a year ago, but profits are up because of the elimination of several unprofitable lines. "We are not handling any Japanese components," he told us, "but both import & domestic competition are on the increase and may force us into exploring the possibilities of purchasing from Japan. Prices are getting tighter & tighter. As a good example, a decade ago our picture tube brighteners sold for \$9.95 each. Today, the price on the same item is down to 38¢."

Erie Resistor: Mktg. vp Allen K. Shenk reported "volume is definitely up so far this year, but over-all prices are lower. I look forward to a good 4th quarter—and the first quarter of next year should be ahead of first-quarter 1961." Shenk told us Erie Resistor "has been approached by many Japanese manufacturers to act as their distributors—but we won't touch them." He said imports of capacitors are up at "an alarming rate," granted that Japanese components are of good quality, noted that many American customers have been burned on delivery & service. "The latest Japanese move," he said, "is to offer kits of parts, on the theory that it won't be as objectionable to American customers to buy kits for assembly as to purchase finished products."

General Instrument: Pres. Monte Cohen noted that 1961 sales are up, profits are down, and outlook for 4th quarter is "very encouraging." He said that import competition is on rise and is a threat to industry. He termed General Instrument's arrangement with Toko Radio as a "protective measure." GI is sole distributor in U.S. & Canada for Toko products, also has right to produce certain Toko components—such as IF coils—in this country. "We buy a certain percentage of Toko products," Cohen told us, "and we manufacture the identical product in our own plant."

International Resistance: Vp-treas. Edward A. Stevens told us that "sales are slightly up and profits are slightly down—principally because of increased R&D expenses." Japanese imports "haven't hurt us so far," he said, "and we still believe that U.S. quality and back-up service will be deciding factors."

P. R. Mallory: Mktg. vp Harold C. Buell told us "sales & profits in the electronics end of our business are running about the same as a year ago. For all of 1961, we expect volume & revenue to approximate 1960 performance." Buell noted that there has been some "softening" in prices, said that TV & radio components are now "pretty much at rock bottom, with not too much profit." Mallory doesn't handle Japanese components. "We plan to continue to make our own components in our own plants," Buell said.

The Muter Co.: Pres. Leslie F. Muter said: "Sales are up substantially, but profits are rough because of the lag in the first 6 months, the price cutting that's going on, and because everybody wants delivery yesterday." He noted that "things look good for the 4th quarter," forecast that Muter's 1961 sales & profits will be better than a year ago. He sized up the import situation this way: "The Japanese hourly wage rate has been figured to about 15¢, including all fringe benefits. They take pride in their work and their components are good, damn good. We don't worry about their big components and 6-week delivery by boat. But, anything they can fly over here is death to us. And the air freight runs only about \$1.95 per pound. When you total up the low wage rate, the quality product, and the fast delivery by air freight, you've got a combination that's getting tougher & tougher to compete with. Unless the govt. steps in to protect the American manufacturer, our only salvation may be to join 'em if we can't beat 'em."

Radio Condenser: Operations vp Russell E. Cramer Jr. said "sales to date are about standoff with a year ago, but it looks like a very good final quarter—better than a year ago." He estimated that 1961 profits would compare with the 1960 figure. Cramer noted that import competition is increasing, but calculated that the total extent of the dent is "no more than 6% of total volume." Radio Condenser doesn't handle Japanese components, markets its products with labels reading "Made in America by American Workers." Cramer told us: "Many companies which tried Japanese components are now back in the American fold. They found out quickly that you don't get American-type service, quality and follow through at those prices."

Sprague Electric: Chmn. Robert C. Sprague (EIA import committee chmn.) told us "this will be a peak year for us in both sales & profits." Regarding the import situation, he said Sprague has not been affected too seriously "because the Japanese concentrate on standard, low-price items which aren't our specialty." He added: "This industry is divided into those manufacturers who also do research & development and those manufacturers who are concerned mainly with price and make no such contribution. They're the ones who are really feeling this Japanese competition. We've been a prime target for many Japanese manufacturers to become their distributors, but we've turned them all down. I don't see how you can ride both sides of the fence. I don't see how you can convince customers that you're a quality producer while at the same time you get involved with these low-cost imports."

NEW BREAKTHROUGH IN KNOWLEDGE OF COLOR: Building on color-vision discoveries of Polaroid's Dr. Edwin Land (Vol. 15:27 p19), a Sylvania scientist has mapped mathematically the process of human color perception. Implications of this first complete formulation of the behavior of any of the human senses is expected to be widespread in all fields where color is used—including, eventually, color TV.

This advance in theoretical color research was announced last week by Sylvania Pres. Gene K. Beare at dedication of new hq & lab facilities of Sylvania Electronic Systems (GT&E's govt. systems management wing) at Waltham, Mass. Developer of new mathematical color theory is Dr. Huseyin Yilmaz, described by his colleagues as a mathematical genius who spent his boyhood in Turkey as a shepherd.

To arrive at significance of new theory to TV-electronics, we talked with Dr. Yilmaz and other Sylvania research scientists at Waltham last week. At present stage, of course, new theory is a breakthrough in basic research only, but it's understood Sylvania already has govt. contracts to arrive at some practical applications. Here are highlights of the theory and what it may mean:

Dr. Yilmaz' work organizes on a mathematical basis the color discoveries of Dr. Land—which created such an uproar in scientific world 2 years ago—but it goes beyond that. It paves way for duplication of human color perception processes electronically, and may make possible devices with better color perception than human beings. ("It may be possible," said a Sylvania scientist, "to build a machine which will see color in 4, 5 or 6 dimensions, as opposed to 3-dimensional color vision in normal humans and 2-dimensional vision in color-blind people.") By divesting the process of color perception of its mysteries, theory can lead to improvements in all fields where color is used—including paints, phosphors, dyes, color TV.

Most sensational aspect of Yilmaz' theory is that it backs up with figures what Dr. Land proved experimentally—"the inescapable fact that by using only 2 colors you can get the entire rainbow." It breaks away from classical theory that color sensation is determined solely by wavelength, and proves that color perception is a relative phenomenon, governed by the frame of reference in which color is viewed. In short, for the first time, a "subjective" phenomenon has been explained mathematically.

What are the TV implications of Yilmaz' theory? If you will recall, in 1959 nearly every TV color lab was hard at work experimenting with Land's 2-color phenomenon—and this includes Bell Labs & BBC as well as set manufacturers. Early last year, an EIA committee headed by RCA's Charles J. Hirsch came up with report on Land's 2-color work as it may apply to TV, stating that at present state of art its rendition of colors wasn't as faithful as 3-color system, although it held promise of simplified receivers and that continuing studies of basic color phenomena "should be encouraged."

Is the picture changed by new mathematical formulation? Dr. Yilmaz thinks it is—but Sylvania scientists point out it would be long, long time before such theories could be applied to new system of color TV. Dr. Yilmaz believes that development of new phosphor combinations will be necessary to bring out true colors in a 2-color TV set, and that under optimum conditions a new, more economical set of color standards would be advantageous.

In lab experiments with 2-color TV, it has been found that scenes with wide varieties of color showed up best, but where there was little or no color contrast—for example, a green field unbroken by any other color—the color washed out (Vol. 15:27 p19). Yilmaz conceded that this condition is inherent in 2-color TV, but said color contrast could be enhanced by use of contrasting "halo" effects around screen.

It's doubtful that there will be 2-color commercial TV receivers in near future. But here are some fields in which Yilmaz theory could have more immediate impact on TV: (1) Non-standard closed-circuit TV systems for military or industrial use could present true color information at lower cost using 2-color system. (2) New & more uniform color phosphors may be made possible by greater knowledge of color phenomena. (3) Techniques arising from the Yilmaz discoveries should vastly improve color TV studio lighting.

You'll be hearing plenty more about the Yilmaz formulation in connection with the Land discoveries. Its major implications for TV are indirect and far in future. Its principal significance is that frontier of man's knowledge has been pushed back another inch—there is new basic knowledge of color perception, which scientists inevitably will apply to development of better devices in all color fields, including TV.

WESTINGHOUSE'S WITTING VIEWS COLOR: Only 2 big-name TV manufacturers aren't peddling color sets today—Motorola & Westinghouse. Motorola's position on color is well-known: Having built sample color sets with 90-degree 23-in. rectangular tube, the company says it will produce color sets when tube industry will supply it with such a tube (Vol. 17:27 p19, 31 p16). Westinghouse is also on record—that it won't re-enter color until it's convinced there's big enough market.

It may not be recalled that Westinghouse once had color set with rectangular tube—22-in. It was not the wide-angle compact type which Motorola wants, but it was in production by Westinghouse's picture-tube

operation, using bulbs made for it by Corning. Rectangular color set never reached high-volume production—consumer products vp Chris J. Witting now estimates that 400-500 a month was tops.

We asked Witting whether he felt rectangular picture would be important factor in color sales. He said he saw "no great advantage," and if Westinghouse were to go into color today, "we would buy a round one made by somebody else if it were less costly than making our own."

When will Westinghouse go into color? Answer: "The minute we think the market is right." As one of the early color-TV producers, Witting gave this Westinghouse view of color: "We believe in it. Maybe if we were selling a million TVs a year, we would do a little testing of the color market. But our big goal has been to build a solid position in black-&-white."

How is this project coming along? TV sales are "excellent," said Witting. "Finally it has started to click. We have been amazed at sales this fall." He said 2 of Westinghouse's demonstrable features have been sparking extra sales—the "Instant-on" feature which eliminates warmup, and "Mobile Sound," which permits use of any AM radio as wireless remote speaker. He said Westinghouse's Sept. TV sales were 65% ahead of Sept. 1960, and that 9-month sales are 19% above last year's level. In radio, Sept. was 37% over 1960, with 9-month sales up 21%. Company's phono business (console & portable) was up 36% for the 9 months. In other phases of Westinghouse's consumer electronics operation, Witting gave us these highlights:

Electronic refrigeration—Westinghouse has sold 500 electronic water coolers for homes in the San Diego area, distributed by a bottled-water distributor. They have created no service problems, are priced competitively with standard electric coolers. No other consumer thermo-electric products are imminent from Westinghouse.

Picture tubes—"Our cathode-ray tube business has been extraordinarily profitable in the last 2 years. We have had to turn down business."

Molecular electronics—Witting is sticking to his prediction of last summer that "functional blocks" will begin to appear in consumer goods "substantially before 1965" (Vol. 17:26 p15).

DOCUMENTING FALL'S BUSINESS UPSWING: Distributor-to-dealer sales of TV sets caught up with last year's figure in September, according to preliminary industry statistics—9-month sales totaling about 4,041,000, compared with 4,039,000 for same 1960 period. September TV sales to dealers totaled 645,000 sets, up 5% from the 643,000 the year before.

In radio, the increase was more substantial—Sept. distributor sales up 16% over last year, cumulative 9-month sales up 15%. Inventories in both TV & radio still seem to be in excellent shape, and well below the year-ago figures. Here are highlights of Sept. & year-to-date figures compared with 1960 (figures approximate):

| | Sept. 1961 | Sept. 1960 | 9 Months 1961 | 9 Months 1960 |
|-------------------------------|------------|------------|------------------|------------------|
| TV production | 698,000 | 679,000 | 4,397,000 | 4,373,000 |
| TV factory sales | 712,000 | 701,000 | 4,225,000 | 4,180,000 |
| TV distributor sales | 674,000 | 643,000 | 4,041,000 | 4,039,000 |
| Factory inventory | 418,000 | 519,000 | — | — |
| Distributor inventory | 826,000 | 892,000 | — | — |
| Home radio production | 1,451,000 | 1,156,000 | 8,251,000 | 7,627,000 |
| Radio factory sales | 1,496,000 | 1,281,000 | 7,915,000 | 6,988,000 |
| Radio distributor sales | 1,405,000 | 1,210,000 | 7,428,000 | 6,475,000 |
| Factory inventory | 1,036,000 | 1,113,000 | — | — |
| Distributor inventory | 1,581,000 | 1,757,000 | — | — |

TV-RADIO PRODUCTION: EIA statistics for week ending Oct. 13 (41st week of 1961):

| | Oct. 7-13 | Preceding wk. | 1960 wk. | '61 cumulative | '60 cumulative |
|-------------------|-----------|---------------|----------|----------------|----------------|
| TV | 152,841 | 157,656 | 124,587 | 4,707,830 | 4,629,276 |
| Total radio | 441,971 | 451,804 | 433,493 | 12,874,379 | 13,276,219 |
| auto radio | 127,907 | 147,328 | 156,510 | 4,005,288 | 5,105,843 |

TOPICS & TRENDS

TV industry's "emphasis on price" was scored again by Zenith Sales Corp. Pres. Leonard C. Truesdell at last week's Boston Conference on Distribution. The public, he said, suffers from "complete misconception of the true retail value of a TV set." Retailers & distributors, he added, make inadequate profits. Urging marketers to "close up the national bargain basement," he said: "Let's resolve that we will market our products and our services on the basis of values, performance, features & quality."

Truesdell had some words on trends away from full-line coverage, as discussed in our Oct. 9 issue (Vol. 1:4 p8): "In our industry, the companies that have had the most difficult problems in the past few years have been those who expanded too much to try to reach for the greener pastures in the other fellows' backyard. Perhaps if they had done a better job in the industry they knew, they would have been more successful."

Latest fair-trade move: GE's sales & distribution dept. has decided to fair trade color TV, along with home laundry equipment & dishwashers, in N.Y.

Capitalizing on sing-along trend, Admiral has introduced portable stereo phono with microphone to permit listener to sing along with record—through the amplifier. Phono with detachable speakers and microphone lists at \$139.95.

Highlights of EIA's Radio Fall Meeting, Oct. 30-Nov. 1, Hotel Syracuse: Progress report on FCC's N.Y. uhf project by FCC lab chief E. W. Chapin; papers on reliability, with emphasis on development of warranties; papers on transistorized TV sets by Philco engineers, transistorized AM-FM auto radios by RCA engineers, transistorized hi-fi amplifiers by Motorola's Douglas Taylor; "Subjective Aspects of Stereo Reproduction," by RCA Labs' C. J. Hirsch. Dinner speaker will be Brooklyn Polytechnic Institute Pres. Dr. Ernst Weber.

FM stereo programming has been stepped up to 52 hours weekly by Zenith's WEFM Chicago.

Industrial Research Institute Medal for 1962 will be awarded to GE vp-research dir. Dr. Guy Suits for his "skill & leadership in promoting the growth of an industrial research laboratory enjoying worldwide recognition. . . ."

Texas Instruments "hit a big, bad bump recently," Nov. Fortune says in profile piece on "The Men Who Made T.I." and are trying to get it back on road as "glamor" company. Another article in issue explores state of solid-state physics.

FM stereo adapters are subject to excise taxes on manufacture of TV & radio components, Internal Revenue Service has decided (Rev. Rul. 61-183). No matter what they're called—detector, converter, tuner, or "any other name"—adapters come under excise-tax definitions of chassis assemblies, IRS held.

It had to come: an acoustical stereo phono. Trans-National Electronics, Montclair, N.J., is importing a Japanese-made non-electric pickup arm and earphones for listening to stereo records on any electric or wind-up record player. The crystal stereo pickup is attached by 2 plastic tubes (one for each channel) to a device which looks like a doctor's stethoscope. Volume and balance are controlled by tube clamps. The \$29.95 gadget can be attached to the record player with a suction cup. But is it hi fi?

August was best 1961 month for factory sales of both stereo & monaural phonos, EIA reported last week. Stereo sales totaled 242,164 units, topping previous leader March's 227,469. Mono sales jumped to 106,157. January had been 1961's best mono month, with 80,366. For year to date, stereo sales increased to 1,549,579 but still trailed 1960's Jan.-Aug. total of 1,925,586 units. Cumulative mono sales were 538,794, vs. 591,674 in 1960's first 8 months.

Delmonico International's 9-month sales more than doubled to \$5,737,225 from \$2,626,880 in 1960's first 3 quarters. Third-quarter sales soared 138% to \$2,373,000 from \$956,079 in July-Sept. 1960.

WEEKLY **Television Digest**

OCTOBER 30, 1961

© 1961 TELEVISION DIGEST, INC.

NEW SERIES VOL. 1, No. 7

Albert Warren, Editor & Publisher

Wyatt Building, Washington 5, D.C., STerling 3-1755

The authoritative service for executives in all branches of the television arts & industries

SUMMARY-INDEX OF WEEK'S NEWS**Broadcast**

DEINTERMIXTURE VS. ALL-CHANNEL BILL: major alternatives shaping up for Congressional battle. FCC likely to cool on deintermixture if it gets receiver legislation (p. 1).

FCC'S LEGISLATIVE PROGRAM develops, all-channel-set bill and network regulation leading list. New proposals under consideration (p. 2).

MEYNER LOSES, ETV WINS WNTA-TV in 6-1 FCC decision (Cross objecting) which rejects protests by N.J. governor that N.Y. deal violates anti-trust law, etc. (p. 2).

MORE DAYTIME DOLLARS are forecast for CBS-TV affiliates carrying the network's pre-noon "Morning Plan," now sold out. FCC attacks "incentive compensation" plan (p. 3).

CATV MICROWAVES QUESTIONED, FCC ordering hearings on renewals of microwaves serving only commonly owned CATVs, doubting "common carrier" status (p. 4).

MCA WILL DROP TALENT AGENCY before end of September, 1962 in pact with Screen Actors Guild to end dual MCA role as biggest talent representative and, via Revue, major TV producer (p. 4).

Consumer Electronics

COLOR SALES INCREASE—is this it? Sharp upturn in demand for color sets gives indication that hued TV may be taking off at long last (p. 7).

PICTURE-ON-WALL breakthrough may come via new type of non-vacuum-tube electroluminescent panel being developed under Navy contract by Lear Inc. (p. 7).

ITT BREAKS INTO U.S. RADIO BUSINESS with line of 8 transistor models to be handled by electronics parts distributors (p. 7).

SALES & PROFITS INCREASED in 3rd quarter. Zenith, RCA and Siegler report gains in volume & earnings in July-September period (p. 8).

THERMO-ELECTRIC FIELD heating up. GE will unveil commercially available electronic water cooler with no moving parts at Hotel Show in N.Y. this week (p. 8).

PATTERNS IN PHONO FACTORY SALES: EIA figures show phono volume 17% behind 1960 for first 8 months of this year (p. 9).

DEINTERMIXTURE VS. ALL-CHANNEL BILL: Buildup to TV allocations showdown, with Congress the arena, begins to shape up like this:

FCC is likely to drop deintermixture plans if—and only if—it gets all-channel-receiver legislation, forcing manufacture of only combination vhf-uhf sets, which would gradually build potential uhf audience to point that uhf stations might have a chance.

Commission adopted deintermixture proposals by slim 4-3 margin, and with no enormous zeal. Vhf telecasters, mostly through Assn. of Maximum Service Telecasters, are putting tremendous pressure on Congress to stymie or reverse Commission. Knowing Commission's real nation-wide hopes are vested in the receiver legislation, MST has endorsed that proposal, in which it finds little danger to vhf.

Now educators have been enlisted for all-channel bill, through FCC Chmn. Minow's speech to NAEB last week. With FCC and commercial & ETV forces pushing for the bill, set manufacturers face formidable opponents in a Hill fight. However, receiver makers do have an ally in Commerce Secy. Hodges. It's understood he has filed comments with Budget Bureau, arguing that bill would give Govt. control over devices not involved with public safety or health, thus extending hand of Govt. into new, unwise and uncertain areas.

It's an axiom at FCC that 4-3 vote is very poor foundation for any major policy—and there's every possibility that at least one member will switch, killing deintermixture. But this will happen only if Congress comes through with all-channel law. If it doesn't, whole situation will become completely unpredictable.

Minow made candid pitch to educators, asking them to lobby for all-channel bill. "Why," he asked, "should any TV set manufactured in this country leave the factory incapable of receiving 7/8 of the channels available for TV broadcasting in America? . . . How hard has the NAEB worked for these bills? How thor-

oughly have the hundreds of organizations interested in education and TV been canvassed for support? Are you working with the FCC to win public support for this legislation?"

Hard-driving MST continued to pound at deintermixture last week, submitting 2 petitions to FCC: (1) Asking Commission to defer all action until conclusion of Congressional consideration of deintermixture and all-channel set legislation, and until full results of forthcoming Commission N.Y. uhf experiment are known. (2) Requesting FCC to publish all engineering and economic assumptions underlying deintermixture proposals. MST is aching for Commission to make public the staff studies we disclosed (Vol. 17:30 p4), obviously satisfied it can rip them apart.

FCC'S LEGISLATIVE PROGRAM: Changes in Communications Act desired by FCC reportedly have been sent to Budget Bureau, which has job of scanning them—usually pro forma—before passing them on to Congress. It's understood that Commission proposals include following, ranked according to priority:

- (1) All-channel-set regulation (S-2109 & HR-8031 in last session).
- (2) Regulation, but not licensing, of networks (S-2400).
- (3) Control of CATV to promote viability of local stations (S-1044 & HR-6849).
- (4) "Summary judgment" procedure in hearing cases, to speed decisions by eliminating hearings (S-2108 & HR-7895).
- (5) In sales of stations, allow FCC to consider transfers to purchasers other than those selected by seller (HR-1165).
- (6) Give FCC power to require painting & lighting of abandoned towers (HR-4114).
- (7) When a decision is reversed and sent back to FCC by courts, Commission should have discretion of reopening record for new evidence and new parties. It can do so now only if courts say it should.

● ● ●

FCC still has under consideration, it's understood, possible legislation to:

- (1) Let it prohibit manufacture of devices which radiate excessively. Currently, Commission has power only to set radiation limits—and it finds enforcement to date unsatisfactory.
- (2) Take care of space communications problems not now covered by law.
- (3) Require parties wishing to intervene in hearings to do so within 15 days after hearing issues appear in Federal Register—instead of up to 10 days before hearings start.

MEYNER LOSES, ETV WINS WNTA-TV: To great surprise of nobody—including N.J. Gov. Robert B. Meyner, who mounted massive campaign to stop it—NTA's \$6.2-million sale of WNTA-TV (Ch. 13) Newark-N.Y. to educational group (Vol. 17:8 p8 et seq.) has been endorsed by FCC.

Meyner didn't give up fight to keep his state's only home-based vhf, promising to carry battle on into Court of Appeals. But it's unlikely that any further legal maneuvering will bring delay in plans of Educational TV for Metropolitan Area (ETMA) to go on air early next year with N.Y.'s first ETV outlet.

"These people are being duped into paying an exorbitant price for their franchise," Meyner said, alleging WNTA-TV's physical facilities are worth only \$400,000. N. J. citizens can raise \$1 million to buy & operate station for one year if they get chance, he said. "I'm not highly provincial," Meyner insisted. "But we don't want to be dominated by New York."

"Bare & unsupported" charges against deal were made by Meyner, FCC said Oct. 25 in 6-1 decision (Comr. Cross dissenting & calling for hearing) which approved sale. FCC noted that 200 petitions & letters supporting Meyner's case had poured in, but spurned allegations that: (1) Contributions of \$2 million by 3 networks and WOR-TV & WNEW-TV N.Y. to purchase price violated anti-trust law and represented plot to eliminate WNTA-TV as commercial competitor. (2) NTA was guilty of license trafficking. (3) Deal takes Ch. 13 away from Newark in violation of allocations requirements of Communications Act.

"New, specialized educational & cultural format" for N.Y. area viewers outweighs all protests against sale, FCC said. At same time, Commission acknowledged "undesirability" of lack of state-based TV in N.J.,

pointed to dormant uhf there, reminded all commercial stations in adjacent N.Y., Pa. and Del. that "they have a duty" to serve N.J. local needs, too.

Decision provided climax for last week's Washington convention of National Assn. of Educational Bcstrs. (NAEB), which was keynoted by FCC Chmn. Minow. Nothing on 5-day agenda for 550 delegates—largest number ever to attend NAEB sessions—matched news that ETV had finally broken into N.Y. Convention at Marriott Motor Hotel just outside Capital otherwise was NAB conclave in miniature—with equipment exhibits, technical demonstrations, workshop panels (including one featuring FCC's Broadcast Bureau chief Kenneth Cox), luncheon sessions, annual banquet.

Minow reproached educational broadcasters for not being lively enough. "Commercial TV has no monopoly on wastelands," he said, complaining that ETV is too barren of showmanship—"a dirty word" to many educators. Minow also: (1) Said it was time for ETV to stop "going hat in hand, begging for help," and start "aggressive & militant" campaign to raise money. (2) Called for concerted lobbying for federal aid to ETV. (3) Urged faster moves toward live ETV networking, reporting AT&T is developing "tangible suggestions" for hookup.

MORE DAYTIME DOLLARS FOR CBS OUTLETS: Drastic sales facelift applied by CBS-TV earlier this year to sagging daytime schedule (Vol. 17:7 pp 3 & 8) has created handsome revenue outlook for affiliates. That's the gist of letter to affiliates by Carl S. Ward, vp & dir. of affiliate relations, concerning CBS-TV's 10 a.m.-noon "Morning Plan" program block, sold since February on basis of rotating minute spots rather than 15-min. segments.

Current outlook is for 100% increase in station payments over what affiliates had been getting under old-style sales plan, Ward said. It works out like this: For station with \$1,000 card rate, the now-fully-sold "Morning Plan" shows will produce annual payment of about \$31,000 and would still deliver \$25,000 at 80%-sold level. At start of 1961, outlook was only for some \$16,000 in payments since only 25% of CBS-TV's pre-noon segments were sold.

Ward's formula can be read another way, however. Critics of CBS switch to minute daytime sales (station reps, some affiliates, and NBC-TV) say that what CBS has actually done is boost sales volume at expense of unit price and with sacrifice of maximum potential.

"Morning Plan" block must now be fully sold to produce a station payment (\$31,000) which CBS-TV could potentially reach by selling only 50% of its former daytime 15-min. segments (\$32,000) for station with \$1,000 rate. And if CBS-TV had sold all of its pre-noon segments, annual payment to this station would have been \$64,000. This, however, CBS found impossible.

CBS has made sales gains but is at outer limit of revenue potential in its "Morning Plan," barring network rate hike for plan's minute spots. NBC, on the other hand, claims it is grossing "substantially more" than CBS-TV in pre-noon period—and yet is only 66% sold, with room to grow.

What enables NBC to charge more than CBS and ABC for daytime TV is not question of coverage but largely a question of ratings. In the Oct. 1 Nielsen TV Index, NBC scored an average, for 10 a.m.-1 p.m. & 2-5 p.m., of 6.1. CBS drew a 5.7 and ABC a 3.2. Thus NBC has 11% average daytime lead over CBS, a 91% lead over ABC.

Advertiser dollars tend to follow daytime ratings, since most daytime TV buys are made on strict basis of cost efficiency. If ABC's pre-noon ratings were to shoot up suddenly, for example, ad dollars would almost immediately start shifting over from NBC and CBS. Rating gain at CBS, however, wouldn't help much in pre-noon sales since this period is already S.R.O., and CBS's best hope is to raise its pre-noon rates—a move sure to create advertiser squawks. In the best all-around daytime situation: NBC.

FCC meanwhile took exceedingly dim view of CBS "incentive compensation plan" for affiliates, introduced in May (Vol. 17:19 p5 et seq.). Network & affiliates which accepted it were given until Nov. 24 to make rejoinders to Commission arguments that plan amounted to "economic pressure" to prevent airing of NBC & ABC shows this fall, thereby violating rules.

"Inevitable effect of the plan will be to hinder your affiliates from, and penalize your affiliates for, broadcasting the programs of any other network organization," FCC said in stern letter to CBS. Moreover,

Commission said, it will "discourage such limited amount of programming from non-network sources in prime time as is now carried by network affiliates." Six commissioners voted for letter, Ford abstaining.

CBS' immediate answer to FCC criticism came Oct. 27 in form of telegram to Commission & network's affiliates from William B. Lodge, CBS-TV affiliate relations & engineering vp. In it, he defended compensation plan as being "perfectly valid & proper."

Lodge also promised to file supporting statement with FCC, and reassured affiliates that CBS had launched its compensation plan "only after careful consideration." He assured FCC, however, that CBS wanted to play by the rules and that the network would "promptly offer substitute terms of compensation" if forced to do so.

CATV MICROWAVES QUESTIONED: FCC is putting pressure on CATV operators who own microwaves feeding their systems and no other customers. It announced last week that it was ordering hearings on license renewals of 10 microwave owners who serve only their own CATVs—questioning their "common carrier" status.

Many microwave licenses remain unquestioned under FCC's "50-50" rule—i.e., serving non-owned customers with at least 50% of channels at least 50% of time. They're getting renewed.

Up to now, FCC hasn't bothered microwave operators who were ready, willing & able to serve other customers—and who showed they actively sought business. Now, apparently, they must actually have such customers.

But Commission isn't threatening to cut them off without alternative. It says they can seek microwaves in new "private" bands in Industrial Radio Services. However, these bands are above 10,000 mc. Equipment for them is still under development, more costly, may require more hops because of propagation limitations.

Most of microwaves set for hearing are in West—and CATV-microwave operators are expected to argue that common carrier frequencies are plentiful there. At any rate, if Commission orders them to new microwave bands it will allow them to amortize present equipment—FCC's customary practice.

TV-RICH MCA TO DROP TALENT AGENCY: Our forecast of MCA divorcement of talent agency from its TV film subsidiaries (Vol. 17:36 p3) is rapidly coming true. Last week, MCA Pres. Lew Wasserman announced that on or before Sept. 30, 1962 MCA would get out of often-criticized dual role of TV talent agent (for Dean Martin, Danny Kaye, Jack Benny, et al.) and TV producer ("Wagon Train," "Checkmate," "Calvin & The Colonel," etc.). It's no secret that Justice Dept. has been eyeing MCA.

Move was triggered by Screen Actors Guild, which has refused to renew circa-1952 waivers under which talent agencies could double as TV film producers. This waiver has proved to be better than map of Lost Dutchman Mine for MCA, whose Revue Productions has 16 shows on 3 networks (better than 20% of all telefilm exposure in prime time) this season, and will rack up 1961 gross of more than \$50 million.

Outlook now is for MCA to concentrate on TV and other production-distribution areas. This year, MCA will gross about \$8.7 million from its talent agency. It's unlikely that it could top \$9 million in talent commissions in 1962 (representing a flesh-peddling gross of \$90 million). At the same time, MCA will probably gross over \$80 million in combined TV revenues from its own telefilms, from distribution of the pre-1948 Paramount backlog in TV, and from film studio rentals and other sources.

MCA is free to expand in variety of areas without its talent agency—and probably will. It can move into production of movies for showing in pay TV or theaters, live TV specials, station ownership, foreign TV holdings, Disneyland-type amusement parks, recording subsidiaries—take your pick. Indicative of interest in MCA is fact that its stock, of which some 475,000 shares are publicly held, was originally offered at \$17.50 and last week was being traded at about \$70 on the NYSE.

TELEVISION DIGEST ADDRESS

Please note that our headquarters address is again Wyatt Bldg., Washington 5, D.C. Same phone as before: Sterling 3-1755.

TV-radio revenues of Providence's Outlet Co. (WJAR-TV & WJAR) rose to \$915,315 in 6 months ending July 29 this year from \$610,624 in corresponding 1960 period, nearly all of increase being credited to TV. Including department store earnings, Outlet's net income for 1961 period was \$304,341 (61¢) vs. \$277,878 (56¢).

CURRENT CAPSULES

Fast construction of new stations on new vhf channels in Syracuse, Rochester and Grand Rapids, pending conclusion of long hearings, is still desired by FCC. Commission has been considering ways & means for "trusteeship operations," weighing among other things suggestions of ABC's Leonard Goldenson. Goldenson had recommended: (1) Competing applicants share ownership equally. (2) Officers & top staff members not be associated with any applicant. (3) Selection of permanent transmitter site & installation. If applicants couldn't agree on site, their consulting engineers and FCC chief engineer agree on one. (4) Studio could be temporary. (5) ABC could lend money to interim operators, to get them started.

Commission hasn't been able to agree yet on what kind of trusteeship to approve. Staff is understood to believe that: (1) Equal financial participation by all applicants is ideal. (2) Officers & top staff members could come from applicants, if FCC makes it clear no applicant gets preference because of his representatives' work. (3) Permanent transmitter site is fine, but it must be selected only by applicants themselves. (4) ABC should not lend money to interim operators because loans might influence affiliation negotiations.

GE & Westinghouse license renewals are still up in air, though there's little doubt they'll be granted. FCC decided to ask companies for information about changes in lines of authority following price-fixing anti-trust convictions. Meanwhile, Commission notified Westinghouse that it couldn't approve its purchase of radio KLAC Los Angeles for \$4.2 million now. Contract expires Nov. 1, could be extended by parties' agreement. Situation again points up tremendous power FCC has: It can jeopardize or dissolve major business decisions simply by asking questions and waiting for answers—as happened recently in \$10-11 million sales of radio WINS & WMGM N.Y.

TV station owners aren't "militant" enough in opposing FCC Chmn. Minow's "formula for govt. control & censorship of TV programming," Washington lawyer W. Theodore Pierson asserted in speech to Jefferson City meeting of Mo. Bcstrs. Assn. Carrying on anti-Minow campaign he started at Northwestern U. symposium (Vol. 17:32 p1), Pierson said too many telecasters have been subdued by licensing system—which "is about the best tranquilizer for cases of militancy among licensees that can be imagined." He warned them that if they want to remain "free communicators" they must recognize "irreconcilable expressions" by Minow: (1) "Censorship is anathema to the Chairman." (2) "It is the Commission's duty to see to it that the broadcaster performs his program duty."

FCC won't reorganize until Booz, Allen & Hamilton completes management study, Chmn. Minow told Federal Communications Bar Assn. at luncheon meeting last week. He praised the lawyers for help in getting protest procedure out of Communications Act last year, criticized them for putting it and other restrictive measures into Act in 1952. He listed benefits of reorganization legislation enacted in last session of Congress: recommendations on decisions by opinion & review staff, commissioners' consultation with chief engineer and general counsel, etc. He assured attorneys that FCC would continue to call for oral argument in most contested cases, even though oral argument can now be eliminated at Commission's discretion.

Sharp cuts in ASCAP's TV performance fee schedule are proposed in new formula drawn up by all-industry station negotiating committee headed by Hamilton Shea (WSVA-TV Harrisonburg, Va.). Protesting that ASCAP's estimated \$18-million income from TV stations in 1960 was too much, committee proposes: (1) Same ASCAP deal with stations as movie exhibitors get for recorded music, with producer instead of telecaster paying for rights directly at source. (2) Special reduced rates for films already in can. (3) Nominal sustaining fees. (4) Lowering of per-program rate to provide alternative to blanket license. ASCAP's existing TV contract expires Dec. 31.

National TV-radio drive against juvenile delinquency in cooperation with National Governor's Conference has been initiated by NAB Pres. LeRoy Collins, its onetime chairman. In message delivered by NAB industry affairs vp Howard H. Bell to Governors' Conference on Juvenile Delinquency in Denver, Collins proposed "broad-scale informational program" on causes & cures of crime. The Denver delegates recommended that National Conference accept NAB's "generous offer" of TV-radio help. At NAB Washington headquarters, there's considerable pleasure being expressed because TV is being welcomed as an anti-delinquency force—for a change.

U.S. TV does good entertainment job abroad, but Westerns, "I Love Lucy" and private-eyes don't come close to filling American export needs, Asst. Secy. of State Philip Coombs told National Assn. of Educational Bcstrs. at its convention banquet in Washington. He called on NAEB to provide "significant" TV programs—documentaries, etc.—for foreign viewers, particularly in countries just emerging as nations. Coombs acknowledged that financially-starved ETV would need "vast injection" of money for project, but said NAEB should start anyway. Note: For more than year, USIA's TV service has been counter-balancing Westerns abroad with 15-min. "Cowboy Legend" film designed to provide proper perspective by showing how American ranchers really lived.

"Record payola is still going on—only the price has gone up," reports a top FCC staff member. "There are disc jockeys who tell record suppliers that the ante has been raised because it's illegal. And there are some suppliers who are paying it." Commission is tracking down leads, he said.

WIBC was granted Indianapolis Ch. 13 finally, as anticipated, FCC telling Crosley's WLWI to vacate channel by Nov. 30, Comrs. Hyde & Cross dissenting, Craven not participating.

Personals

Hugh Carleton Greene, BBC director general, will be honor guest of Robert W. Sarnoff, NBC chmn., at Nov. 13 luncheon in Waldorf-Astoria . . . Jack Petrik of KETV Omaha heads 1962 NAB engineering conference planning committee.

Lee B. Wailes retires Jan. 1 as Storer's exec. vp for planning & finance, will continue as consultant . . . Harry E. Travis, ex-station mgr. of WPBN-TV Traverse City, Mich. joins Fetzer TV Inc. (WWTW Cadillac-Traverse City) as public service dir. . . . Peter Molnar & Paul Levitan of CBS-TV, W. C. Kennedy of radio KXOX St. Louis (and President Kennedy) receive \$1,000 National Recreation Assn. awards for promoting physical fitness.

Mrs. Lyndon (Ladybird) Johnson whose LBJ Co. owns KTBC-TV Austin & 29% interest in KWTX-TV & KWTX Waco, receives "humanitarianism" award from Hartford B'nai B'rith chapter . . . Daniel W. Kops (radios WAVZ New Haven & WTRY Troy) heads NAB's 1961-62 editorializing committee.

James R. Croy establishes consulting engineering firm at 200 W. 7th St., Plainfield N.J. (phone Plainfield 5-1590), with Willis C. Beecher as Washington associate at 1413 K St. NW (phone 393-5621) . . . Robert A. Jones, formerly associated with W. F. Kean, opens own firm at 425 S. 7th Ave., LaGrange, Ill. (phone 352-2275).

William Whitsett named pres. & gen. mgr. of NAFI Corp.'s KCOP Los Angeles, replacing A. G. Flanagan, who resigned; John S. Hansen, gen. mgr. of NAFI's KPTV Portland, Ore., named pres. of licensee Oregon TV Inc. . . . Warren S. Doremus promoted to new post of news & public affairs dir. of WHEC-TV & WHEC Rochester, N.Y.

Vic Ludington named asst. mgr. of WSPA-TV Spartanburg, S.C.; Charles Lineberger, programs & operations dir. . . . Ray V. Schneider, from Williamsport, Pa. CATV system, joins TelePrompTer as Eastern regional mgr. of community antenna operations . . . Louis Stephens, ex-FCC Rules & Standards Div., joins Washington law firm, Canter, Lyon & Stephens, Premier Bldg., 1725 Eye St. NW (phone Federal 7-1500).

John Hay Whitney, N.Y. *Herald Tribune* publisher and Whitney Communications Corp. chmn., convalescing in N.Y. Hospital from pneumonia & cardiac condition. . . . Paul L. Jacobson, ex-NBC Telesales, joins Video Tape Unlimited as vp & gen. sales mgr.

Another unusual FCC field hearing was completed recently in Farmington, N.M.—a translator vs. CATV fight before examiner Elizabeth C. Smith. Local non-profit translator organization has 2 units serving town, wants 3 more nearer Albuquerque, to serve more people and improve signal fed to Farmington units. TelePrompTer operates CATV system supplying 4 Albuquerque channels, protested the 3 new translator grants on grounds they would be mere relays, violating FCC rules. Hearings drew up to 300 spectators, most strongly favoring translators.

FCC's WUHF (Ch. 31) N.Y. began operating last week with temporary antenna, low power, testing circular polarization. It's due to go to regular antenna, full one megawatt power early next month. FCC Chief Engineer Edward Allen said that various antenna and transmitter problems are being eliminated. Comr. Lee warned that public shouldn't expect good results until regular operation is achieved. Regular schedule will be 9 a.m.-11 p.m., 7 days weekly.

Gift of \$5,000 from Generoso Pope Foundation will send 3 NAEB delegates to first International Conference of Radio & TV Organizations on School Broadcasting in Rome next year. Foundation is named after the late head of WHOM N.Y., an immigrant from Rome whose son, Fortune, is pres. of Foundation and runs WHOM. Conference is expected to attract representatives of many new-to-TV nations—which place most broadcasting emphasis on education.

No monitoring of FCC phone calls, in or out, will be permitted without notification to parties involved, Commission announced last week. It said it never had policy permitting such monitoring but that new directive formalizes prohibition.

New CATV system in Gadsen, Ala. (pop. 70,000) is planned by General Radionics, which operates 2-year-old Kingston, N.Y. system. Headquartered in Stamford, Conn., General Radionics is subsidiary of Sapphire Petroleum Co., Toronto. Walter Hotz is CATV company's pres. Ex-Entron vp Bob McGeehan is operations vp.

New African TV business: Ghana Supply Commission, represented by Crown Agents (4 Millbank, London S. W. 1), invites bids of installation of planned TV system centered in Accra, with 2-way vhf intercommunication links with 3 transmitters.

CBC celebrates 25th anniversary this week with special TV & radio shows. Starting in 1936 with 8 radios, Canadian networks now cover 64 TV & 133 radio stations.

Consumer Electronics

MANUFACTURING, DISTRIBUTION, FINANCE

COLOR SALES INCREASE—IS THIS IT? RCA has been pinching itself last few weeks, wondering if it will really last. Since start of fall programming, color set sales are up sharply—beyond its fondest hopes. Company has already hinted to distributors and to manufacturers for which it makes chassis that it may not be able to meet all orders.

Is color "taking off?" Required push may finally be here—with most major manufacturers now in color market, and with substantial amount of color programming on NBC & local stations. Demand is undoubtedly higher than in former years. (One consumer organization reported that more of its members indicated that they planned to buy color sets than AM radios.)

Even RCA has been a little dubious about color sales figures, held up press release a week to make sure they were for real. At week's end, RCA announced that distributor-to-dealer color set sales since Oct. 1 have been 175% higher than last year's same period, and 50% above Christmas-season records set in 1959 & 1960. Even for year-to-date, RCA color sales are running 40% ahead of last year, with biggest sales volume in \$600-700 price range.

Zenith, too, has been gratified by response to its color sets. Chmn. Hugh Robertson told stockholders last week that "production facilities have been expanded in an effort to meet consumer demand." And in an unusual look at Zenith's production schedule, he revealed that company's planning calls for production of 25,000 color sets by year's end.

Is this it? Nobody seems to know. But there's no doubt that color has finally been accepted as regular part of the high end of TV lines.

PICTURE-ON-WALL BREAKTHROUGH IN SIGHT? Some time next spring or summer, Navy is expected to release progress report on new type of flat non-vacuum-tube electroluminescent panel which could be adaptable to picture-on-wall TV use.

Device is being developed under Navy contract by Lear Inc., Santa Monica, Cal. All parties concerned are mum on new panel, but we understand that some deliveries have been made. Last public word on it came out more than 2 years ago (Vol. 15:41 p19), when we reported that the panel would be about 1/8-in. thick, and that Lear scientists felt they could achieve better definition & brightness than with picture tubes. They claimed at that time that it would operate on "basically different principle" from other electroluminescent panels then under development.

Even if this new panel does everything Lear & Navy hope it will do, it will be far too expensive for consumer uses at first. It's designed basically as aircraft instrument readout which can be mounted on windshield of plane (since it's transparent). Among other proposed uses: computer & radar readout. However, if device is as good and principle as sound as developers think they are, it's obvious there'll be scurrying to develop lower-cost version which could be applied to TV. Developmental work under Navy contract so far has been so intense that it's understood little or no thought has been given so far to consumer applications.

Of course, it's still long time off, and details are shrouded in security wraps—but you can expect Navy announcement to touch off wave of conjecture whether new TV breakthrough has occurred.

ITT BREAKS INTO U.S. RADIO BUSINESS: Worldwide International Telephone & Telegraph Co., scavenging useful products from its affiliates all over the globe, has entered U.S. radio business with line of 8 transistor radios to be handled by electronics parts distributors.

Disclosed last week, move has been part of campaign by alert new (formed Aug. 1960) Distributor Products Div. to add one new product line every 45 days—utilizing to fullest ITT's global facilities for production of consumer goods.

New radios, to be handled by parts jobbers selected among ITT's more than 2,000 electronic & electrical distributor accounts, are made by several of the company's Japanese affiliates. Initial line: 6-transistor,

\$17.95 & \$29.95; 7-transistor, \$39.95; AM-shortwave, \$47.95 & \$54.95; AM-marine band, \$54.95; AM-FM, \$89.95; clock radio, \$89.95. Battery, earphone & carrying case are included.

Previously added to its consumer line in U.S. by ITT have been hi-fi speakers (German- & Japanese-made), Minifon tape recorders (German-made by non-ITT company), 3 intercom lines (made in U.S., Austria & England).

"We definitely have more plans for other consumer products lines which can be handled by electronic parts distributors," we were told last week by Distributor Products Div. Pres. Frank M. Viles Jr. Like what? "Well, perhaps members of the hi-fi family." How about TV? "I doubt it." Appliances? "Probably not."

"We're aiming at a horizontally diversified base of operation within ITT's framework," said Viles. Entire worldwide system of ITT affiliates is Viles' oyster—and now that it has its import operation set up, it is also looking beyond ITT to handle products made abroad by other companies (as in the case of Minifon tape recorders).

Products will be sold under ITT brand name, with uniform labeling & trademarks. Back of product will bear label: "An ITT worldwide product made in Japan (Germany, U.S., etc.)."

Thus, as foreshadowed in Television Digest 1 1/2 years ago (Vol. 16:25 p14), ITT is gradually re-entering consumer product field—but this time largely through imports aimed at parts distributors. ITT once was heavily in domestic consumer product manufacturing. It sold its Coolerator refrigerator div. in 1954 to McGraw Electric, its Capehart TV-radio-phono brand in 1956 to Benjamin & Robert Gross (Vol. 12:18-20, 24). Capehart was sold again in 1959 to Dynamic Electronics-N.Y. Inc. (now Capehart Corp.).

ITT is in ideal position to import wide variety of consumer products. In Japan, it is understood to own 22% of big Nippon Electric Co. (TV-radio-phono, other electronic & electrical equipment) and 13% of Sumitomi Electric Industries, and has affiliation deals with several others.

ITT's overseas subsidiary International Standard Electric has these affiliates in the TV-radio business: Compania Standard Electric, Argentina; Standard Telephone & Cables, Australia; Standard Telephon und Telegraphen, Austria; Bell Telephone Mfg. Co., Belgium; Standard Electrica, Brazil; Compania Standard Electric, Chile; Standard Elektrik Lorenz, Germany; Standard Electrica, Spain; Kolster-Brandes, U.K.

SALES & PROFITS INCREASED IN 3RD QUARTER: Apace with improved business and increased operating efficiency, 3 TV-radio manufacturers last week reported sales & profit hikes for 3rd quarter.

Zenith's earnings & sales set records both for 3- and 9-month periods, with 3-quarter earnings 15.7% over last year, single-quarter earnings up 38.7%. Chmn. Hugh Robertson told stockholders that 9-month TV & radio sales both set all-time company records.

RCA's 3rd-quarter sales were 4% ahead of 1960's similar period, net profits 3% higher than last year's relatively poor 3rd quarter. Nine-month sales were 3% over 1960, but profits for the period were down slightly.

Siegler Corp., whose consumer products lines include Olympic & Bogen-Presto, reported best 3-month period in its history in both sales & earnings.

For details on these & other financial reports, see Finance section, p. 10.

THERMO-ELECTRIC FIELD HEATING UP: GE is latest entry with immediately available commercial product in burgeoning field of thermo-electrics. Company's Commercial Equipment Dept. will unveil electronic, no-moving-parts water cooler this week at Hotel Show, Nov. 5-8, in N.Y. Coliseum.

Distribution plan for GE appliance will emphasize rental of water cooler to distributors of bottled water, spokesman told us last week. However, GE also will sell device to distributors and also rent & sell direct to consumer. "We're really feeling our way on distribution," we were told, "and we'll know a lot more after we sample reaction at the Hotel Show." Neither a sale price nor a rental rate structure has been set.

GE water cooler is refined version of developmental thermo-electric device announced last spring (Vol. 17:14 p22). Commercial version has been scaled down to 14-in. high, 14-in. sq. from 25-in. high, 20-in. sq. The pare down steps up efficiency & economy considerably, because power consumption is in ratio to size of thermo-electric devices.

GE's Hotpoint Div. also is active in thermo-electrics, obtained a patent (No. 2986009) last month on a thermo-electric refrigerator which features different "tailor-made" temperatures in each of 5 separate food

compartments. However, we were told that Hotpoint has no commercial plans for unit in "foreseeable future," considers it a developmental project.

Operating cost is one of several major roadblocks in path of swift conversion to thermo-electric appliances. It has been estimated that thermo-electric devices, at present stage of development, are 2-4 times more costly to operate than conventional counterparts. Big problems in cutting operating costs are development of necessary dissimilar thermo-electric metals with high efficiency factor, and joining them so that maximum heat transfer is effected. Present materials used, usually of the bismuth family, have an efficiency rating of 3, we were told. Efficiency rating should be nearly triple that figure if thermo-electric device is to be competitively efficient & economical.

Other activity in thermo-electrics: Westinghouse has sold some 500 electronic water coolers for homes in San Diego area, via bottled-water distributor (Vol. 1:6 p9). Norge has installed thermo-electric ice-cube makers in rooms at new Sheraton Hotel in Chicago. We understand, too, that Russians & Japanese are active in field; former reportedly are producing & selling thermo-electric refrigerators.

PATTERNS IN PHONO FACTORY SALES: Factory sales of phonographs were 17% behind 1960 for first 8 months of this year, official EIA figures indicate. August sales showed some improvement over this year's running pattern—they were 15% lower than those of Aug. 1960, despite the fact that they were highest of any month in 1961 to date (Vol. 1:6 p10).

It's evident that phono inventories are in good shape—since retail sales have been outdistancing production & factory sales. For first 7 months of 1961 (EIA retail figures were discontinued with July totals), retail decline from 1960 was 11%, as opposed to 17% dip in factory sales (Vol. 1:3 p8).

Ratio of stereo to mono has declined slightly from 1960 to 1961. At the 8-month point last year it was 76.5% stereo to 23.5% mono. For the same 1961 period, it had shifted to 74% stereo, 26% mono. Monthly factory phono sales have been tabulated, along with comparable 1960 figures, in the accompanying table.

PHONO FACTORY SALES

| Month | 1961 | | | 1960 | | |
|---------------|---------|-----------|-----------|---------|-----------|-----------|
| | Mono | Stereo | Total | Mono | Stereo | Total |
| January | 80,366 | 211,383 | 291,749 | 118,400 | 341,329 | 459,729 |
| February | 50,710 | 204,638 | 255,348 | 92,648 | 324,666 | 417,315 |
| March | 62,396 | 227,469 | 289,865 | 63,264 | 242,523 | 305,787 |
| April | 53,074 | 152,974 | 206,048 | 30,962 | 142,409 | 173,371 |
| May | 53,887 | 142,450 | 196,337 | 36,793 | 146,176 | 182,962 |
| June | 61,533 | 197,170 | 258,703 | 69,293 | 198,407 | 267,700 |
| July | 70,681 | 171,331 | 242,012 | 70,992 | 222,559 | 293,551 |
| August | 106,157 | 242,164 | 348,321 | 109,321 | 307,517 | 410,838 |
| TOTAL | 538,794 | 1,549,597 | 2,088,373 | 591,674 | 1,925,586 | 2,517,260 |

TOPICS & TRENDS

More attrition in semiconductor business: Trend to mergers in this hotly competitive industry (Vol. 1:5 p7) was underlined last week with news of 2 more acquisitions. Raytheon, which recently acquired CBS Electronics' semiconductor business, has reached agreement to buy Rheem Semiconductor Corp., Mountain View, Cal., from Rheem Mfg. Co. Rheem Semiconductor employs more than 500 in a 100,000-sq.-ft. plant. Greater operating economy & efficiency presumably is reason for upcoming merger of Pacific Semiconductors Inc. with TRW Components Co. Both are owned by Thompson Ramo Wooldridge.

Merger of IRE & AIEE—the 2 largest engineering societies in the world—seems likely by Jan. 1, 1963. Directors of both organizations have approved resolution to form committee to explore consolidation, with report due next Feb. 15. IRE now has 91,000 members, AIEE 70,000. Subtracting approximately 6,000 members who belong to both groups, resultant society would have more than 150,000 members.

Spurt of new FM stereo starters, creating new markets and solidifying old, is expected soon, now that FCC has typed-accepted for stereo 9 models of ITA Electronics transmitters: FM250BS, FM1000BS, FM5000BS, FM7500BS, FM10000BS, FM1000CS, FM5000CS, FM7500CS, FM10000CS, plus exciter SE-1A. Following stations have notified FCC of stereocasting start recently: KSFM Sacramento, Cal.; KSJO San Jose, Cal.; KMUZ Santa Barbara, Cal.; WJBR Wilmington, Del.; WRLB Long Branch, N.J.; WIFI Norristown, Pa.; KFMK Houston, Tex.; WMKE Milwaukee, Wis.

TV set prices have dropped nearly 25% since 1950, analysis of Labor Dept.'s latest Consumers Price Index (CPI) disclosed. TV set index is down to 91 vs. 123 in 1950 and 100 (corresponding to 1947-49 base) in 1952. Record low was 90.1 in 1958.

TV-RADIO PRODUCTION: EIA statistics for week ending Oct. 20 (42nd week of 1961):

| | Oct. 13-20 | Preceding wk. | 1960 wk. | '61 cumulative | '60 cumulative |
|-------------------|------------|---------------|----------|----------------|----------------|
| TV | 156,060 | 152,841 | 119,634 | 4,863,890 | 4,748,796 |
| Total radio | 448,697 | 441,971 | 407,078 | 13,323,076 | 13,687,035 |
| auto radio | 160,009 | 127,907 | 145,588 | 4,165,297 | 5,251,092 |

Finance

Zenith reports record sales & earnings for 3rd quarter and first 9 months—3-month profits totaling \$4,533,479 (\$1.50 per share) on sales of \$71,085,740, compared with \$3,268,287 (\$1.10) on \$65,688,191 for same 1960 period. For 9-month period, net profits were \$9,926,723 (\$3.30) on \$187,784,403 vs. \$8,577,752 (\$2.88) on \$183,952,012 in first 9 months of 1960. At meeting last week, stockholders approved increase in authorized common stock from 8 million to 12 million shares, to make possible the 3-for-1 split Nov. 20.

GT&E reports lower profits on record sales for both 3rd quarter and first 9 months. For 3 months: Net profit, \$17,345,000 (24¢ a share) on \$306,976,000 vs. \$18,041,000 (26¢) on \$294,193,000 one year earlier. For 9 months: Net profit, \$49,883,000 (70¢) on \$891,616,000 vs. \$53,221,000 (77¢) on \$875,503,000 for same 1960 period. Chairman Donald C. Power blamed losses on consumer resistance during recession, but saw "definite signs" of improvement. "For example," he added, "in our Sylvania subsidiary, the 3rd-quarter earnings will be better than the sum total of its first 2 quarters, and as Sylvania's 4th quarter is historically its best period from an earnings point of view, we believe the trend is definitely favorable."

Westinghouse sales & profits declined sharply in 3- & 9-month periods ended Sept. 30. For 3 months: Net earnings, \$5,451,000 (14¢ a share) on sales of \$467,131,000 vs. \$20,226,000 (57¢) on \$503,389,000 in 3rd quarter 1960. For 9 months: \$25,012,000 (67¢) on \$1,387,512,000 vs. \$60,680,000 (\$1.71) on \$1,457,233,000. Pres. Mark W. Cresap Jr. stated that defense orders were increasing and "particularly encouraging was the increase of consumer product sales in September, with prices firming."

RCA announces 3rd-quarter profits of \$6.2 million (32¢ a share) on sales of \$368.3 million vs. \$6 million (32¢) on \$354 million sales in 1960's 3rd quarter. For 9 months, the company's profit was \$23.8 million (\$1.29) on a gross of \$1.091 billion vs. \$24.1 million (\$1.46) on \$1.061 billion in the comparable 1960 period.

Siegler Corp. reports record 3-month sales & earnings. For the period ended Sept. 30, net earnings totaled \$1,036,254 (45¢ a share) on sales of \$28,089,559 vs. \$957,494 (42¢) on \$24,283,123 in same 1960 period. Results for both periods include operations of Jack & Heintz Div., which was merged into Siegler in Feb. 1961. Pres. John G. Brooks called outlook for rest of year "promising."

Howard W. Sams Inc. reports net profits for 3 months ended Sept. 30 almost double those of last year, on basis of unaudited figures. Net earnings totaled \$229,279 on sales of \$2,876,739, compared with \$117,009 on \$2,219,529 in same 1960 period.

Electronic Associates: 9 months to Sept. 30—net income, \$669,000 (79¢) on sales of \$12,277,000 vs. \$640,000 (84¢ on fewer shares) on \$10,185,000 in same 1960 period.

Espey Mfg. & Electronics: Year to Sept. 30—net income, \$189,495 (70¢) on sales of \$5,139,089 vs. \$172,490 (62¢) on \$3,696,853 for fiscal 1960.

International Rectifier: 3 months ended Sept. 30—net

income, \$285,080 (12¢) on sales of \$3,529,631 vs. \$280,667 (12¢) on \$3,337,496 one year earlier.

Oak Mfg. Co.: 9 months to Sept. 30—net income, \$305,877 (46¢) on sales of \$16,617,689 vs. \$432,913 (66¢) on \$13,487,660 in same 1960 period.

Indiana General Corp.: 3 months to Sept. 30—net income, \$1,120,250 (97¢) on sales of \$15,799,749 vs. \$1,004,076 (87¢) on \$14,616,244 a year ago.

Thompson Ramo Wooldridge: 3 months to Sept. 30—net income, \$1,723,019 (50¢) on \$100,454,635 vs. \$1,824,284 (55¢) on \$94,817,558 a year earlier. 9 months to Sept. 30—\$3,794,356 (\$1.10) on \$301,334,313 vs. \$6,858,145 (\$2.10) on \$313,962,717.

Trade Personals

E. Bruce McEvoy, ex-Midwestern regional sales mgr., named distributor sales mgr., Sylvania Electronic Tubes, succeeding Harold H. Ranier, who retires Jan. 1 . . . John C. O'Donnell appointed national accounts mgr., Motorola Consumer Products Inc.; he's former manufacturers' rep . . . Ralph A. Howard Jr., ex-Babcock & Wilcox, named EIA staff military economist; C. J. Harrison, Rixon Electronics, reappointed EIA Small Business Committee chairman.

Obituary

Sigurd Varian, 60, co-founder of Varian Associates and co-inventor of the Klystron tube, lost his life last week in a plane crash in Tadalajara, Mexico. A former pilot, Varian had been flying in Mexico with a companion. With his brother, Russell, Varian developed the Klystron and founded tube-maker Varian Associates. He is survived by his wife, a son & a daughter.

Transistor sales increased in August, according to EIA figures, the cumulative total for the year reaching \$117.1 million. Degree of price reduction in transistors is evident in comparison of last year's cumulative unit & dollar totals with this year's. The EIA figures:

| | 1961 | | 1960 | |
|--------------------|--------------------|----------------------|-------------------|----------------------|
| | Units | Dollars | Units | Dollars |
| January | 12,183,931 | \$22,955,167 | 9,606,630 | \$24,714,580 |
| February | 13,270,428 | 25,699,625 | 9,527,662 | 24,831,570 |
| March | 15,129,273 | 29,815,291 | 12,021,506 | 28,700,129 |
| April | 15,072,064 | 27,388,278 | 9,891,236 | 23,198,576 |
| May | 15,128,181 | 25,113,042 | 9,046,237 | 24,714,580 |
| June | 17,899,005 | 26,148,746 | 10,392,412 | 27,341,733 |
| July | 11,227,388 | 17,506,011 | 7,070,884 | 18,083,802 |
| August | 17,193,860 | 25,155,627 | 9,732,993 | 22,739,969 |
| TOTAL | 117,104,130 | \$199,781,787 | 77,289,560 | \$193,756,732 |

Picture tube sales recovered in August from the 7-year low of July (Vol. 1:3 p8), hitting 2nd-best pace of year. For first 8 months of year, picture-tube sales continued to lag 1960. Receiving-tube sales made sharp recovery in August, which was by far year's best month, both in units & dollar volume. EIA factory sales figures for picture & receiving tubes:

| | Picture Tubes | | Receiving Tubes | |
|-----------------------------|------------------|----------------------|--------------------|----------------------|
| | Units | Dollars | Units | Dollars |
| January | 707,833 | \$14,430,602 | 26,343,000 | \$22,227,000 |
| February | 728,989 | 14,395,981 | 25,803,000 | 21,865,000 |
| March | 936,098 | 18,725,011 | 36,635,000 | 30,719,000 |
| April | 722,110 | 14,293,375 | 28,687,000 | 24,392,000 |
| May | 673,315 | 13,238,774 | 29,823,000 | 25,808,000 |
| June | 806,852 | 15,887,776 | 31,463,000 | 25,989,000 |
| July | 457,181 | 9,364,364 | 27,566,000 | 20,979,000 |
| August | 870,578 | 17,239,228 | 36,907,000 | 31,347,000 |
| Jan.-Aug. 1961 | 5,902,956 | \$117,575,111 | 243,227,000 | \$202,826,000 |
| Jan.-Aug. 1960 | 6,064,745 | 121,340,802 | 267,847,000 | 226,909,000 |