FOCUS: British TV's Nervous System

CHANNELS

$2.95 OF COMMUNICATIONS JUL-AUG 1986

John Sias, executive clown, just got serious.

He and his Cap Cities bosses discovered ABC was not the company they thought they'd bought. Now they mean to run it as no network has ever been run before.

How the first name in radio became the last word in excellence.

Over the years, we've brought out the real beauty in radio.

We began with some basic beliefs.

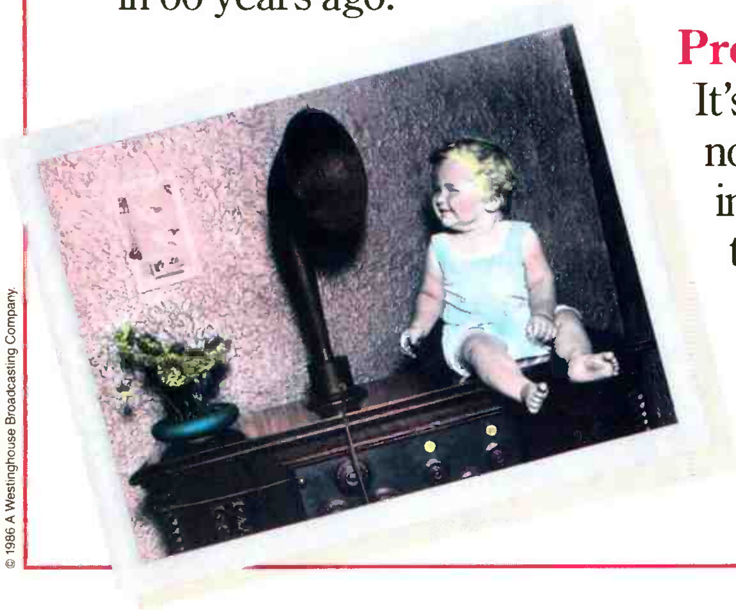
Not rules carved in stone. But a few commitments held dear. Like the obligation to serve someone's needs. To strive for the absolute best. And never rest content.

History is made on November 2, 1920, with America's first radio station, KDKA/Pittsburgh, broadcasting the Harding-Cox election returns.

As the originators of radio broadcasting in America, what we believe today is pretty much what we believed in 66 years ago.

Proceed humbly.

It's the public that owns the airwaves, not us. So we put profits and self-interest in their place—right behind the public interest. Which is why, for instance, we stopped broadcasting cigarette advertising before the law required it.



Even in its infancy, radio captured the imagination of a growing audience.

From all-news to sports. . . and relaxing music to full-service information formats, the Group W Radio Stations always stand out from the crowd.

Act passionately.

We've always seen a rich and never-ending spectrum of possibilities for radio. Like being first to carry NFL Football exclusively in FM stereo. Or teaching young radio journalists for free.

Fail liberally.

We've taken some pretty bold risks. And we've stuck with those ideas we've really believed in. Like all-news radio. We kept it alive even though it failed to show a profit for ten consecutive years. Because we understand that willingness to persevere is often the greatest contribution to success.

WINS Anchorwoman Eileen Douglas personifies the informed, contemporary sound of radio today.

Serve relentlessly.

We always give something back to our listeners. Not just information or entertainment. But a helping hand where needed. And sometimes a crusading voice. Like our *Call for Action* programs or *Regional Affairs Councils,* both of which help and enrich our listeners' lives.

Since getting radio started in 1920, we've built the strongest radio group in the nation. Top-rated, top-billing major market stations.

Today we own 13 major market radio stations whose continuing success one trade publication called, "probably unprecedented in broadcasting history. . ."

When you think radio broadcasting, think Group W. We were the first name in radio. And today our station group is second to none.

GROUP W RADIO
WESTINGHOUSE BROADCASTING

CHANNELS
OF COMMUNICATIONS

VOL. 6, NO. 4 JULY/AUGUST 1986

38 Pedaling a little off the air

Cover design by Walter Bernard and Milton Glaser, WBMG Inc.
Cover photo hand tinted by Bill Kobasz

STEVE ALLEN
Actor-Comedian-Composer-Writer

If you see something you like on television, praise it.
I don't mean to write in to Tom Selleck
and tell him his moustache is marvelous.

Write to the executives of the networks.
You can easily get their names, and
encourage them to continue the good work.
On the other hand, if you see something that you deplore,

don't write a letter frothing at the mouth;
but write, encourage your friends to write.
That is an important thing to do.
It's almost the equivalent of the vote in the political process.

NBC. Tuned In To America.™

EDITOR'S NOTE

The Changing Picture

In the scant seven months since it officially assumed ownership of ABC Inc., Capital Cities has changed not only the structure of one of the world's leading broadcast companies but also its value system and its style. At the same time, it has challenged the orthodoxy of the decades-old network system in America.

Television became different on January 3, 1986, the day Tom Murphy and his Cap Cities specialists in local broadcasting moved in at the Manhattan skyscraper affectionately known as Hard Rock. Immediately the business became less glamorous, more hard-nosed about profits. Meanwhile, the audience Cap Cities has principally played to, the Wall Street analysts, has cheered it on.

So it may be said that Murphy spoke from the heart at ABC's June affiliates' convention in declaring that he would always shoot to be first, "because when you're first, that's when your stockholders do the best." He spoke of Cap Cities/ABC as a "new company," while paying passing tribute to 79-year-old Leonard Goldenson, seated in the audience, as the man who founded and built ABC.

This was no ordinary friendly business takeover, with the natural personnel traumas that attend such mergers, but one involving a cultural transformation whose effects could be far-reaching in the broadcast industry.

The clash of corporate lifestyles and convictions at ABC this year is a story worthy of a made-for-TV movie. L. J. Davis, one of the leading magazine writers on business topics, has vividly captured the drama—and the comedy—of the changeover in our cover article this issue.

To put his story together Davis had to penetrate the wall of silence erected by the Cap Cities management, which has refused to be interviewed or photographed by the press generally. His task was eased somewhat by management's candor with Wall Street and its eccentric habit of "thinking out loud," allowing some of the oddball schemes and notions to enter the public domain. But mainly Davis got his story through scores of interviews with sources close to the company—and inside it—many of whom require anonymity for the obvious reasons.

The changing picture at ABC, and thus in American television, is emblematic of what is happening throughout the world. Radical change has elected itself the thematic thread in this issue of *Channels*. James Traub, another of our regular contributors, reports on India's chaotic plunge into American-style commercial television, while Merrill Brown, in his column, "The Business Side," tells how the investors who hit it big in the U.S. media market now are looking to get in on the coming boom from privatized television in other countries. And our special Focus section, UKTV, is a comprehensive guidebook to the British television system in its own period of upheaval.

The '80s have been, as advertised, a decade of change. But no one, I think, expected it to whip up such a whirlwind quite so soon—and so widely—around the world.

Les Brown

CHANNELS OF COMMUNICATIONS

Editor-in-Chief
LES BROWN
Publisher
GEORGE M. DILLEHAY

Executive Editor
MERRILL BROWN
Managing Editor
PETER AINSLIE
Senior Editors
STEVE BEHRENS, RINKER BUCK
Associate Editors
JOSEPH VITALE, CECILIA CAPUZZI
Washington Editor
JOEL SWERDLOW
West Coast Editor
PATRICIA E. BAUER
Contributing Editors
JOHN F. BERRY, DAVID BOLLIER, RICK DU BROW, WILLIAM A. HENRY III, WALTER KARP, MARTIN KOUGHAN, DAVID LACHENBRUCH, MICHAEL POLLAN, JAY ROSEN, JAMES TRAUB, RICHARD ZACKS
Editorial Assistant
CARYN R. SINGER
Interns
MATTHEW GRIMM, CYRUS REID

Editorial Consultant
JACK NESSEL

Art Director
MARIAN CHIN
Assistant Art Director
DIANE LEMONIDES

Production Manager
SUSAN C. TURK

Finance and Administration Director
BRONNA A. BUTLER
Assistant Controller
CATHERINE PAONE
Office Manager
CARLTON HILL
Administrative Assistant
LEO LEWKOWITZ

Subscription Director
ROBIN D. ANDREWS

Sales and Marketing Vice President
CHARLES MOHR
Account Managers
LINDA J. ROSS, DEENA HOLLIDAY
Research Associate
JOSEPH E. EDELMAN
Advertising Sales Offices
New York: 19 West 44th St., New York, NY 10036, 212-302-2680
West Coast: Gwen Campbell Winthrop, 14755 Ventura Blvd., Suite 1-432, Sherman Oaks, CA 91403, 818-905-5452
England: Jack Durkin & Co. 55 Hatton Garden, London EC1N 8HP England Tel: 011-441-831-1131

C.C. Publishing Inc.
President
PAUL DAVID SCHAEFFER

CHANNELS of Communications (ISSN 0276-1572) is published ten times a year by C.C. Publishing Inc., 19 West 44th Street, New York, NY 10036. Application to mail at second class postage rates is pending at New York, NY and additional mailing offices. Volume 6, Number 4, July/August, 1986.

Subscriptions: $39.50 per year; all foreign countries add $8. **Please address all subscription mail to CHANNELS of Communications, Subscription Service Dept., Box 2001, Mahopac, NY 10541, or call 914-628-1154.**

Postmaster: Send address changes to CHANNELS of Communications, Subscription Service Dept., Box 2001, Mahopac, NY 10541.

Editorial and business offices: 19 West 44th Street, New York, NY 10036; 212-302-2680. Unsolicited manuscripts cannot be considered or returned unless accompanied by a stamped, self-addressed envelope.

ABC membership applied for January 1986.

GLOBETROTTERS

Anne of Green Gables

BABAR & FATHER CHRISTMAS

PETER USTINOV'S RUSSIA

LORNE GREENE'S NEW WILDERNESS

Danger Bay

BROTHERS BY CHOICE

VID Kids

LANCE ET COMPTE!

NIGHT HEAT

the edison twins

From the U.S. to the U.K., from CBS to PBS, Canadian programs are globetrotters. Daytime or Primetime, Wildlife or Real Life, at Telefilm Canada, we're proud to be part of the global picture. And the future.

That's why we're investing $130 million over the next two years in every kind of TV production. Drama, comedy, variety, mini-series and everything in between. To ensure world-wide distribution, join with Canada's globetrotters and tour the universe.

Call or write us today about co-production opportunities available in Canada.

Telefilm Canada

HEAD OFFICE:

MONTRÉAL
Tour de la Banque Nationale
600, rue de la Gauchetière Ouest
25e étage
Montréal, Québec H3B 4L2
Tel: (514) 283-6363
Telex: 055-60998 Telefilmcan Mtl

CANADIAN BRANCHES:

TORONTO
130 Bloor Street West
Suite 901
Toronto, Ontario M5S 1N5
Tel: (416) 973-6436
Telex: 06-218344 Telefilmcan Tor

VANCOUVER
1176 Georgia Street West
Suite 1500
Vancouver, British Columbia
V6E 4A2
Tel: (604) 684-7262

HALIFAX
Maritime Center
1505 Barrington Street
Suite 1205
Halifax, Nova Scotia B3J 3K5
Tel: (902) 426-8425

INTERNATIONAL:

LOS ANGELES
144 South Beverly Drive
Suite 400
Beverly Hills, California 90212
Tel: (213) 859-0268
Telex: 673-688 Telefilmcan LSA

PARIS
15, rue de Berri
75008 Paris
France
Tel: (33.1) 4563-70-45
Telex: 42-648-082 Tfcpari F

LONDON
44 Great Marlborough Street
Fourth Floor
London, England W1V 1DB
Tel: (01) 437-8308
Telex: 51-923753 Ref199 Monref G

WE'RE NOT INTERESTED IN WHAT'S GOOD.

For some people, just plain good is no good at all. Those are the people you'll find in **Channels**' SEARCH FOR EXCELLENCE issue, coming in October. Each year, **Channels** combs the electronic environment to identify the companies and individuals that truly exemplify excellence in their field. Outstanding stations, networks, producers, programmers, syndicators, individuals ...the best among them will be appearing in **Channels**. Readers are invited to help in this search by sending us their opinions. And advertisers are invited to associate themselves with excellence (contact George Dillehay, our publisher, at 212-302-2680). See the October issue of **Channels of Communications**. You won't find anything in it that's merely good.

CHANNELS
OF COMMUNICATIONS

LETTERS

Good sport

A caption accompanying Thomas Easton's otherwise fine article, "Caught in a Squeeze" [April], struck me. Beside a photo of New York Rangers captain Barry Beck was the surprising claim that ESPN was "the sole outlet for pro hockey." Any number of regional sports networks can refute the accuracy of the caption. Rangers hockey, for instance, is cablecast by Madison Square Garden Network, the nation's largest regional sports network.

Karen Metsky
Director, Public Relations
Madison Square Garden Network

College daze

Alex Heard's commentary on college television viewing, "What's the Matter With Kids Today?" [April], was . . . interesting. He lists a pickle barrel full of faults and asks hair-raising questions but seems incapable of coming to a conclusion. The conclusion is as simple as his college degree. The reason we "bonehead contemporaries" study more often than drink beer is that we want to be well equipped to compete for his job when we graduate.

Dan Crone
University of Wisconsin
Madison, Wis.

Unscrambling the signals

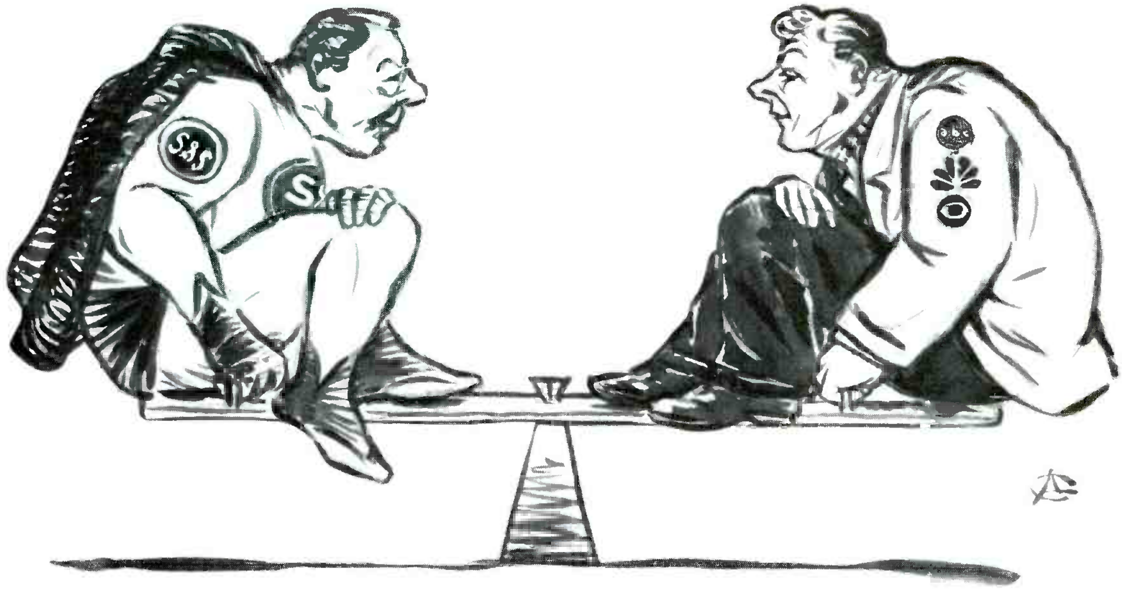
I'm a cable operator who has yet to find a persuasive reason why scrambling benefits me or my customers. Except for HBO, each programming service has put the burden of buying additional hardware on the operator. Thus, scrambling will cost small cable television systems thousands of dollars without any benefit, and our customers will ultimately bear the brunt of these unnecessary investments.

As a result, I'm encouraging my congressman to view H.R. 1769, the Satellite Television Viewing Amendments, which calls for a two-year moratorium on scrambling, in a positive light. Perhaps in the next two years, someone can figure out what benefit scrambling will be to anyone other than program suppliers.

P.E. McIntosh
President, First PIC Cable
Television Corp.
Lousiville, Ky.

GOINGS-ON BEHIND THE SCREENS: TOPICAL MONOLOGUES AND SKETCHES

TALK SHOW



MERGERMANIA

The advertising business has followed the television industry into the big-is-beautiful movement with the formation of a group of superagencies: Saatchi & Saatchi bought Ted Bates Worldwide; BBDO, Doyle Dane Bernbach and Needham Harper combined. The acquisition binge will ultimately rock both Madison Avenue and the television networks, located two blocks away along the parallel Sixth Avenue.

This fundamental restructuring of the advertising business is in keeping with the trend over the last decade in corporate America toward larger and larger entities. Chevron bought Gulf for $13.3 billion; Texaco purchased Getty for $10 billion and Burroughs has purchased Sperry for $4.4 billion. But on the outside, the question is whether bigger is really better. Are the products and services improved? Does the consumer get a price break?

There is no way yet to gauge the impact of ad agency consolidation, but Colgate-Palmolive's decision to pull a $100 million account from Ted Bates indicates that a shakeout will claim victims. To some, it appears that the superagencies, suddenly a part of companies as large as those running the television business, will hold a strengthened hand at the negotiating table. But many industry observers don't think that will happen. Television, they point out, is used to dealing with large, powerful agencies. Last year, the $9 billion in ad revenues that was split among the three major networks—more than a quarter of all national agency media spending—was billed by just 25 U.S. agencies.

The fact is that each advertiser has unique needs and expects special attention, so agency size makes little difference when it comes to striking the right deal. As Charles Crane of Oppenheimer & Co. sees it, "The major advertisers are going to get whatever breaks they do because *they* are important to the networks, not because they're represented by a $17 quadrillion agency." But some of the biggest spenders may now turn to their own resources. "Major clients like Procter & Gamble and Lever Bros. are already doing their own media buying, using the agencies for things like media planning," says media analyst Tony Hoffman.

People at the networks who are in the business of courting advertisers are, of course, reluctant to knock their once and future customers. For now, most sound like Bob Blackmore, NBC's senior vice president for sales, who claims that some of the power being accumulated in the hands of the new superagencies will help the networks. "The megamergers are good for America, they're good for TV and they're good for the media in general," he says. "Anything that brings more power to the marketing of goods and services helps all of us because you can move more volume and attract more consumer spending, which in turn generates more advertising spending."

Nor are Blackmore and others in this network fraternity willing publicly to admit concern about agencies using their client rosters to gain leverage in negotiations with the networks. "There is no shortage of advertising demand from our point of view," he says. "While the mergers may make the agencies more efficient and sophisticated in terms of the resources and capabilities they can bring to bear for their clients, that does not mean that the networks will have a hard time negotiating for ads. They need us. Television is the most effective advertising vehicle ever invented. The advertisers will still want to buy quality programs, and the inventory is limited."

ILLUSTRATIONS BY AL GOLD

TALK SHOW

The new superagencies—like the networks—are operating in a dramatically different environment. Their huge size and status as publicly traded companies puts them under heightened scrutiny from Wall Street. And their balance sheets are burdened by the levels of debt that usually accompany large acquisitions. They, too, face a new competitive era.

A restructured, free-market national economy foreshadows an end to old ways of doing business in everything from energy and transportation to media and advertising. As the cozy relationships the network television business enjoyed with programmers and affiliates are strained by the new competitive culture, so too, the cozy Madison Avenue–Sixth Avenue buddy system is likely to become a part of ancient television lore.

MERRILL BROWN

GÖTTERDÄMMERUNG FOR VIDEO MUSIC?

Has the video clip frenzy subsided? Rumors to this effect are, if not flying, then at least floating, through the music and advertising industries. A record-company executive, speaking under deep cover, says that it's true, sort of. "Some of the inspiration," reveals this official-in-the-know, "has worn off."

It's a good deal too early to start writing eulogies, or even get-well-soon letters, to the music-video business, but the tidal wave of videos appears to be receding ever so slightly. Here's the evidence:

At least three well-known groups or artists—Van Halen, Joe Jackson and Journey—have chosen *not* to release video clips with their new albums. MTV has suffered a mysterious drop in ratings, especially in its target male-teen audience. And the channel's first-quarter '86 ad revenues were down 21 percent, compared with the first quarter, 1985. In any case, the channel has noticeably modified its 24-hour-a-day diet of clips. In recent months, MTV has served up a Monkees marathon (see May *Channels*), teen-oriented films and such special series as *Wife in the Fast Lane: Rock Wives Speak Out.* Its sister channel, VH-1, has several news and interview shows in the works.

Still, nobody's panicking. After noting provocatively that "this sucker could be another hula hoop," Doyle Dane Bernbach senior vice president Bart McHugh, a 52-year-old who has seen fads come and go, offered a ringing reiteration of faith: Music videos, he says, "will be around as long as the world is around," a significant time frame so far as media planners are concerned. In fact, it's hard to imagine music being suddenly devisualized. In a culture as supremely visual as ours, the video clip fills a sensory void just as irreversibly as, say, televised sports, or recorded music itself.

So what is happening? Perhaps music video is exiting the fad stage. The aforementioned record-company executive observed that "videos became another marketing tool. No one stopped and said, 'Is this the right thing for this band to do?' " Groups who considered videos superfluous and potentially distracting—such as Journey—felt compelled to make them. Even Bob Dylan had to dance on camera. These bands and artists are now beginning to think for themselves and turn off the visuals.

Programming pressures have also entered the picture. "There's a glut in the rock-video format," points out broadcast analyst Steven Rosenberg, "so they've decided to broaden out without giving away too much of the franchise." MTV has been reluctant to concede any such thing, in part because the network has challenged the Nielsen findings, which showed a 25 percent drop in the channel's 12- to 17-year-old viewers. Nielsen, after recrunching the numbers, says it stands by them.

But it's hardly surprising that the quantum of nonvideo programming has been rising. It's much more remarkable that MTV got away with playing virtually nothing but two-and-a-half-minute clips 24 hours a day for five years. Perhaps the video revolution required ideological fervor. But now that the revolution has been won, it's time to go out and rule.

JAMES TRAUB

WHAT TV CAN DO FOR KATMANDU

Off limits to foreigners until 1951, Nepal had a lot of catching up to do by Western standards. To join the community of so-called civilized nations, it had acquired the trappings of nationhood—United Nations membership, a national airline, a radio station. The only requisite still lacking last year was television. For Nepali officials, the absence of TV was an embarrassing reminder of the country's underdevelopment.

Nepal is a one-radio-station country. Residents of Katmandu can follow Radio Nepal's bulletins even while they walk to work. Radios in just about every shop in the capital are permanently tuned to 790 kilohertz, and the news spills out into the streets like a public-address system. One of the items in the news last summer was that Nepal TV would soon sign on—which it did in December, on the birthday of King Birendra.

The argument for television in Nepal had transcended national prestige. Nepali officials were privately worried about the thickening forest of booster antennas on Katmandu's medieval red-tile skyline. The city's elite was evidently sitting down every evening to watch the news from India, Nepal's vastly bigger neighbor to the south. "Rajiv Gandhi is speaking in every living room," snorted one official,

TALK SHOW

hinting that signals strong enough to be received clearly in Katmandu, ringed by mountains, surely must be intended to propagandize Nepal.

Officialdom wanted television but until last year didn't have the cash to start it up. As far back as 1966, Swiss foreign-aid experts determined that Nepal's topography ruled out television. Instead of a TV station, the Swiss built a string of yak cheese plants. Years later French consultants found that it would be prohibitively expensive to bring TV to Nepal, so when President François Mitterrand came on a state visit in 1982, he brought a gift he thought would be more useful—helicopters. Even the Japanese, who had airlifted whole hospitals and fleets of buses to Katmandu, stubbornly refused to donate a television station. They said Nepal was just not ready for it.

Prospects for television were looking pretty dismal when the Norwegians came along three years ago with a small-is-beautiful project for an educational TV system. With the Norwegians training the personnel, Nepal's government put up $1 million seed money for Nepal Television Corporation and appointed as its head Nir Shah, a flamboyant songwriter and actor whose brother is married to the King's sister. Commercials for Thai noodles and Japanese cars supplement the government funds, supporting two hours of broadcasts (7 to 9 P.M.) seven days a week. Shah hopes to break even in four years, and expand his audience from the Katmandu valley into Nepal's southern plains.

In its rush to counteract the anti-national emanations from across the border, the educational element of the Norwegian plan has taken a slightly different tack. Nepal TV's nightly news is not much more than an illustrated version of the government's Radio Nepal, featuring what amounts to—and often looks like—home movies of the royal family's official activities. Those are, nevertheless, quite a treat for many Nepalis, who regard King Birendra as the god Vishnu reincarnate. The remainder of the broadcast "day" contains a smattering of this and that: imported German cartoons and science programs, both in English (to translate them into Nepalese is not only costly but difficult, since certain concepts like "traffic" don't exist in much of Nepal); occasional BBC programs, also in English; locally produced children's shows and short soap operas in Nepalese; and even a stab at the documentary form, as happened when a local crew produced a 15-minute show recently on the death of a famous Nepalese writer.

Despite Shah's efforts, not all of the 6,000 or so TV sets in Nepal are tuned to Nepal TV, or even to Indian broadcasts. Despite occasional government crackdowns inspired by theater owners, videocassette parlors are doing a brisk business. Pirated *Rambo* tapes are the hottest rentals. The VCR has preceded electricity even in the roadless hinterland of the Himalayas. In Khandbari, a village one week's trek from the nearest road, the video parlor is aflicker with the latest musical from Bombay. As night falls, the drone of the portable generator can be heard across the valley.

KUNDA DIXIT

THE SHOCK SCHLOCK, D.C.-STYLE

This summer, when WWDC-FM began a series of TV spots promoting its controversial, staccato-voiced DJ Doug Tracht (a.k.a. the Greaseman), many Washingtonians were shocked. But then, shock is the name of the game. The Greaseman is out of the new breed of shock jocks, who get an audience by being offensive. Tracht got himself a lot of attention locally when he used the occasion of Martin Luther King Jr.'s birthday to pass a remark that once would have gotten a DJ fired on the spot. Since WWDC isn't about to issue transcripts of that broadcast, we'll have to paraphrase: Greaseman said that if killing one black leader gets us a day off, killing four more would get us a week.

WWDC paid little heed to the angry protests and to the daily stream of pickets calling for the Greaseman's removal. The deejay apologized for the remark and was allowed to keep his top-rated morning drive-time slot. Moreover, as soon as the furor died down, WWDC began trading on Greaseman's notoriety with a TV promotion campaign. It was the station's own crass insensitivity that Washingtonians found shocking.

The shock jock trend is perhaps the lowest road yet taken by radio operators in their blind lust for ratings. Purporting to be free-wheeling practitioners of an irreverent brand of humor, the shock artists are really out to make an exploitable bad name for themselves. And they do it at the expense of minorities, gays and the elderly.

Fortunately, there's a built-in obsolescence to radio's shock schlock. A deejay who trades on being shocking constantly has to raise the voltage, because listeners become quickly inured to the latest degree of verbal outlandishness. And after a while, shock for its own sake stops being shocking.

ROBERT O'BRIEN

WHAT'S NEW AND NOTEWORTHY IN THE ELECTRONIC ENVIRONMENT

REPORTS

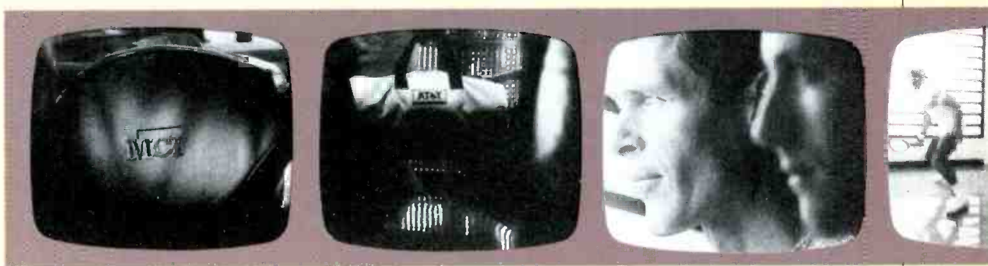
TELECOMMUNICATIONS

Clash of the Titans

After decades of warily circling each other, spoiling for a fight in each other's business, AT&T and IBM are finally locking horns this summer in the next phase of the nation's telephone wars: the battle for the most lucrative business accounts. In new television spots that surfaced last month, AT&T and MCI (IBM is MCI's largest shareholder) are wooing corporate "decision makers" who manage phone accounts of $5 million or more a month. For both companies, the stakes are exceptionally high. Business users account for about half of the annual $54 billion long-distance business, yet only a handful of blue-chip customers do most of the dialing: One percent of business customers make 40 percent of the calls. Before it's over some $750 million could be spent on an advertising war with important ramifications for Ma Bell and Big Blue.

The clash became all but inevitable last summer after IBM traded its loss-prone long-distance unit, Satellite Business Systems, to MCI for 17 percent of MCI's stock. IBM now has a partner that knows the phone business, while MCI is likely to profit from IBM's deep pockets and computer savvy. The two companies are exploring joint marketing efforts to offer large corporations the kind of sophisticated technology they need when redesigning their phone networks: information systems and computers that communicate with each other over the same phone lines, high-speed switching and fiber optics capable of processing millions of bytes at once.

MCI is capitalizing on its scrappy, upstart status with the new ads, the company's first national campaign on network television. The ads show two young executives in opposing AT&T and MCI T-shirts, battling each other in racquetball, judo and fencing. Like the



As MCI's spot tells it, the game is between two tough, clear-eyed opponents whose gym bags are labeled 'AT&T' and 'MCI.'

SOAPS

Reruns in Print

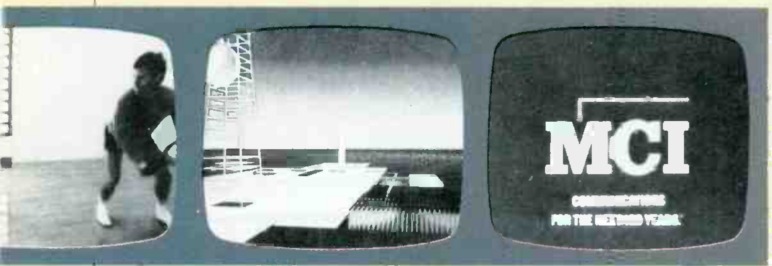
It's a novel idea, so to speak—offer devoted viewers the chance to relive cherished memories of Luke and Laura, J.R. and Sue Ellen, Blake and Krystle in a new medium: books.

"It's the print equivalent of a rerun," says Sidney Seltzer, president of Pioneer Communications, which has just introduced Soaps & Serials, a line of romance novels that is turning up in Waldbaum's, Stop 'n Shops, Safeways and other chains this summer. Pioneer is introducing eight titles now, others later, printing one million copies each and distributing the $2.50 paperbacks to 35,000 outlets across the country.

To get his venture from press to rack, Seltzer raised $2.5 million in a public stock offering and paid participating producers—Procter & Gamble, Lorimar and Columbia Pictures—$2,500 to $10,000 per title against royalties of 6 to 8 percent. Another $4,000 per title goes to the writers—soap veterans and romance novelists who'll retell the stories using the shows' scripts and outlines.

Seltzer has bought the rights to virtually every top daytime and prime time soap, reasoning that some 50 million people watch at least one of the soaps—whether *Dallas*, *Knots Landing* or *Another World*—every day. "We've got consumer recognition and a built-in readership," he says. If a fraction reach for his books across the Bubble Yum, he's made a fortune. DANIEL PAISNER

REPORTS



corporate CEOs and CFOs MCI wants to reach, the actors are lean, consummate yuppies, meticulous even at play. The message goes, "Because we compete, you win." The spots are running on network programs with high-profile male audiences—mainly news and sports shows—and are costing "considerably more" than the $30 million MCI spent on advertising last year, according to Harold Nankin, the creative director at DMB&B who made them. "MCI is no longer the Sandinista of the telephone business," he says.

AT&T's hit-or-miss saturation campaign, by contrast, may only underscore the confusion that has reigned at Ma Bell since the 1984 breakup. AT&T's own computer division, AT&T Information Systems, has been wallowing in red ink, and joint ventures with European computer manufacturers have been disappointing. Over the past 18 months, Cliff Robertson helped AT&T hold on to a surprisingly healthy slice of the residential business. (AT&T's share of the long-distance market is 80 percent, MCI's is 7 percent and the recently merged U.S. Telecom and GTE Sprint, now called U.S. Sprint, has 4 percent.) But Robertson—who will appear in more spots this year—may not have the same appeal with ranking corporate executives.

Overall, MCI's ads seem to have the edge: The message is clear and crisp, and the tag line, "Communications for the next 100 years," suggests staying power well beyond the first racquetball set. But for all its meandering and prime time overkill, AT&T cannot be easily dismissed. Competition with the mighty IBM may be just the challenge AT&T needs to take on the business sector. In the end, a few Fortune 500 accounts—and not the nation's 63 million residential phone users—will determine the outcome of what's shaping up to be one of the great corporate battles of the century.

RINKER BUCK

'We know our competition's good,' says MCI. 'We have to be better. And because we compete, you win.'

PRODUCTION

TV and Terrorism

American tourists who were planning to travel abroad this summer are not the only ones who have rewritten their tickets for domestic destinations. Fear of terrorist reprisals following the U.S. bombing raid on Libya in April has also put a damper on foreign-location shooting of U.S. TV shows.

One of the first affected was *Rage of Angels II*, an NBC miniseries starring Jaclyn Smith that was to be shot in Italy this summer and shown on the network in the fall. Instead, the script was hastily revised and the entire production relocated to New York State. Susan Baerwald, NBC's vice president of miniseries, says that cast and crew expressed concern about safety for themselves and family members who would be with them. "Jaclyn Smith, for instance, was going to bring her children to Italy," says Baerwald. "None of us wanted to make a decision that would put anyone in danger."

At about the time NBC was packing up its cameras in Italy, John Conboy, executive producer of the CBS soap *Capitol*, canceled a week's shoot in Morocco. Although he had wrapped up negotiations with King Hassan's government and had already dropped a half-million dollars in preproduction costs and initial location shooting, Conboy decided discretion was the better part of valor after American bombers strafed Libya. "I would be traveling with a large American TV crew," he says, "and I was just too afraid I might be endangering lives." Conboy eventually found his Sahara in Yuma, Ari-

ILLUSTRATIONS BY ALISON STEIFFER

zona, and his Moorish castle on the coast of California.

ABC productions have been similarly affected, according to Bruce J. Sallan, vice president of motion pictures for television, although one made-for-TV movie is still shooting in Europe, at a location ABC officials declined to identify "for obvious reasons."

Meanwhile, the Association of Film Commissioners, a trade group for officials of state film commissions, is stepping up its campaign to bring TV production back to the U.S., where more than $200 million is spent annually making series and made-for-TV movies. "No one would be tasteless enough to run an ad saying, 'You Can Shoot Here and Not Get Shot,'" says association president Joe O'Kane, "but the film commissioners will try to get back as much domestic production as possible. They want the production companies to focus on doing it here, for whatever reason."

JOSEPH VITALE

"This is my finale for big events. After this I'm going back to the movies where I can have some peace and quiet."

—David L. Wolper, who produced ABC's Statue of Liberty extravaganza and, before that, the opening and closing ceremonies of the 1984 Olympics.

COMPACT DISCS

The Super CD

So far, it's nothing more than a set of technical specs, but a newly announced optical disc called the Compact Disc-Interactive (CD-I) embodies the dreams of an electronics industry in perpetual pursuit of tomorrow's super-widget. Its creators say the CD-I will be a multimedia medium with a prodigious capacity for text, high-resolution color pictures, animation and sound that can be received via a special player attached to a television. "The challenge is to come up with something people want to do with it," says Tom Lopez of Microsoft, a major computer software company that is examining the challenge.

CD-I sprang from electronics giants Sony and Philips, the companies that revolutionized audio reproduction six years ago with the original CD. Then in 1983 the two companies brought forth the CD-ROM disc for data storage, a similar optical disc that stores more than 300,000 pages of text for retrieval by a personal computer, capacity enough so that one five-inch disc can carry the phone directory of every town in the U.S.

Now comes the CD-I, and, as with the CD, Philips is stirring up software before the hardware hits the market (next year at $1,000). "At first we'll have material that's been taken from other places, from books and computer software," Lopez predicts. Time Inc., for example, is considering putting selected Time-Life books on the discs.

What will the new platters play? How about a genealogy of rock and roll, with text, pictures and wailing guitars?

Gordon Stulberg, chairman of Philips's American Interactive Media (AIM) venture and a former studio executive at Columbia Pictures and Twentieth Century Fox, foresees great entertainment possibilities for software developed specially for CD-I, including "highly interactive, much more sophisticated video games." On the educational and self-help front, Stulberg anticipates physical fitness guides, home and auto repair aids and music directories that take full advantage of the new disc's multimedia potential. The Record Group, a venture backed by Philips's subsidiary PolyGram Records and headed by former Warner Communications executive Stan Cornyn, is developing 10 interactive discs including an audiovisual genealogy of rock music and *Time Machine*, a historical atlas that allows users to select a year, scan the globe and zoom in on events of their choice.

If CD-I catches on as expected by the market analysts at Link Resources, 100,000 homes will have players by 1990. The machines will be able to play regular audio CDs besides the multimedia discs, with their immense potential for who-knows-what. "Even if you don't find a real application," says Link vice president Steve Sieck, "you still have a record player."

JOHN WALLACE

America's fa

Source: Nielsen NSI (ROSP) 11/79—2/86 (10 or more markets)

THE PUBLIC EYE

by Les Brown

If the networks are not understood, it's because they've never come clean about their real reasons for rejecting 'issue' commercials.

THE TROUBLE WITH ADVOCACY ADS

J. Peter Grace started out being mad at President Reagan for slighting the 1985 recommendations of his presidential commission on waste and inefficiency in the federal government. Now his anger has shifted to the television networks for refusing to carry his dramatic 60-second spot condemning the federal deficit, and he's having a jolly old time.

No one pays much attention to a fellow with a case against the President, but when the head of a major corporation attacks the networks, the press listens.

Grace has been milking his story for all it's worth. A press release even boasted that the chairman and chief executive of W.R. Grace & Co. would hold his first news conference in 40 years, not on any business matter concerning the chemical conglomerate but to announce his campaign to gain access to the networks for "issue" advertisers. Grace assails the network policies as restraining free speech and ignoring the democratic ideal of a free marketplace of ideas.

This, of course, is one of those generic news stories. Every few years a company like Kaiser or Mobil raises a fuss because the networks turned down its campaign of advocacy spots. It occurs so often that one wonders why the press each time seems to treat it as a brand new issue. Moreover, the Supreme Court some years back upheld the networks' right to reject controversial advertising.

I've been sorting through the press clips on the Grace episode and am impressed with the number of news stories and editorials it's generated. Clearly J. Peter Grace got more bang from the networks' refusal to carry his artful $300,000 one-minute production, "The Deficit Trials: 2017 A.D.," than if they had decided to air it.

But I was dismayed to find—considering how often the issue has been raised—that nearly every editorial attributed the networks' eschewing of advocacy advertising to the tyranny of the Fairness Doctrine. Even the networks would concede this to be a bum rap for the beleaguered rule. Grace has been able to place his commercial on numerous local stations where the networks' policies are not shared, and not one has been threatened with a fairness complaint as a result. Editorial writers, like those of *The Wall Street Journal*, for example, assume that the networks' aversion to advocacy ads comes from the fear of having to give away free time to those who hold opposing views. But that's not why the policy exists. Herb Schmertz of Mobil found that out about ten years ago when he came up with an ingenious scheme—a proposal to buy two minutes of advocacy airtime, one to be used by Mobil and the other donated to anyone who disagreed with the company's viewpoint. All three networks said no dice.

I suspect the networks are misunderstood by the public and press on this issue because they've never come clean on their real reasons for rejecting advocacy advertising. Their line these days is that they oppose it because the rich would have a louder voice on important issues than the poor, though some cynics would argue that that's always been the case. Such ads would indeed raise the cost of competition in the marketplace of ideas. But the real reasons have nothing to do with justice or with fairness, rather with the power of television and the comfort of its regular advertisers.

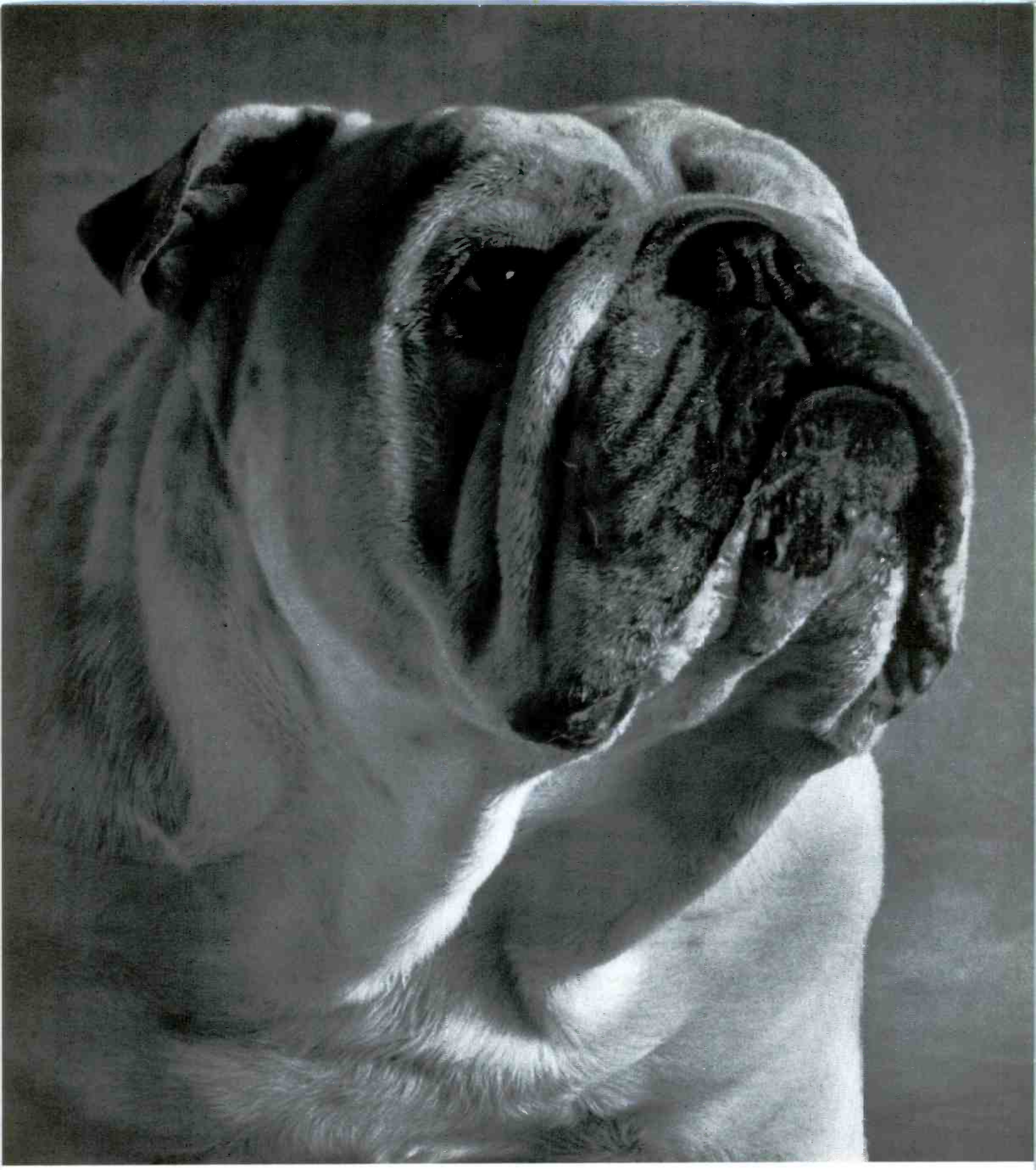
There is simply no way to draw the line on issue-oriented advertising, and that's the problem. To accept the quite harmless Grace commercials is to open a new category of advertising that would let in the slightly less tame Mobil spots on energy policy. Then what comes next? Consumer-activist spots, perhaps, and then in time the opinions of atheists, communists, neo-Nazis and assorted hate-mongers? Issue ads of this sort are not uncommon in newspapers and magazines, where they probably upset some people who bother to read them; but in an intrusive medium like television, their effect could be explosive. The citizens of Austin, Texas, went bananas a year or so ago when the public-access cable channel, with its tiny audience, carried a show produced by the Ku Klux Klan.

Advocacy ads of the radical kind may serve the principles of the First Amendment, but they do little to promote goodwill toward the network. And then there's the environmental problem. TV commercials already suffer today from clutter on the airwaves, but at least it's a homogeneous clutter—groupings of spots that all sell goods and services. But what floor wax or hair-spray purveyor wants his commercial to run next to an inflammatory spot by the PLO denouncing Israel or an anti-church message by Madalyn Murray O'Hair? In a medium as powerful as television, issue ads are a minefield, and the networks consider themselves better off without them.

But there is a practical way to get around the networks' prohibition, and so far only the right-to-lifers seem to have figured it out. The way to market a controversial position on television is to create a political party around the issue and run candidates for every election. The laws for political advertising not only require television to accept campaign advertising from all legitimate candidates, but also forbid the networks and stations from tampering with the content of the spots. (Some years ago, stations in Minnesota asked not to carry the campaign spots of a candidate who used foul language; they lost—but so also did the candidate.)

The commercials of the Right-to-Life party are never about the candidates; invariably they present a powerful anti-abortion message. The candidates never seem to win office, but that's of little consequence: The spots get on the air in desirable time periods that otherwise would have been denied them.

Mobil, Getty and the pro-nukers could go on a television binge if they started a Right-to-Energy party, and J. Peter Grace could get all the access to the networks he wanted during the campaign season by creating an Anti-Deficit party. I suspect he might be inclined to consider such an option if he weren't making such capital without it. ●

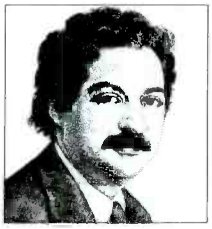


BULL•DOG

\'bůl-dog\ *n.* 1: a muscular, tenacious breed marked by vigor, known to be both tough and smart. 2: *pl.* a group of tenacious, determined, savvy people who are winners at what they do.

BLAIR. ONLY BLAIR.
Television

THE BUSINESS SIDE



by Merrill Brown

THE ALLURE OF EUROPE

Savvy Wall Street investors who hit it big with domestic media-company stocks are now setting their sights on the rapidly expanding European media marketplace.

Just as stocks of previously undervalued U.S. media companies have done spectacularly, in Europe the boom in satellite television networks combined with the trend to privatize the broadcast media is expected to produce some attractive investment opportunities.

Perhaps Wall Street's most aggressive proponent of the movement of U.S. investment dollars to Europe is Richard MacDonald, the First Boston Corp. analyst. "I think that most long-term returns in the U.S. industry are pretty much gone except in selected instances," says MacDonald. For the most part, only stocks with takeover or restructuring prospects, such as CBS and a few others, may offer potential returns like the recent giant gains in media investments.

But in Europe today the picture is markedly different. In fact, what MacDonald sees in the European marketplace is a fledgling industry that promises to experience quickly the kind of growth it took decades for television to achieve in the U.S.

The European media marketplace is a fledgling that promises to experience quickly the kind of growth it took decades for U.S. television to achieve.

"You look at Europe and you notice three things," MacDonald says. "You note that the [stock] valuations of the companies do not reflect anything near their future returns. Secondly, you see that their balance sheets reflect the capacity to take on a whole lot more debt and leverage. And finally you note that their revenues will grow dramatically because of the liberalization of the environment. It's really the best of all worlds. What you have is the development of television in the United States shortened into five years over there."

The governments of France, Spain, Britain and West Germany are following Italy's lead in opening television to private ownership. Established media companies with prospects hampered by an underdeveloped advertising marketplace, along with new entities that require prodigious amounts of capital from the financial markets, are creating a new, financially driven mode of operations for the European industry. As a result, the creation of a public market for media companies like the one that exists in the U.S. is probably inevitable.

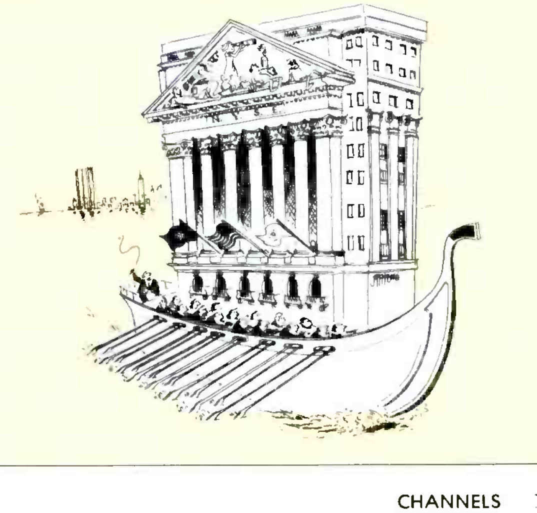
This restructuring is well under way. What's gone unnoticed by most observers until now are the public or partly public companies, traded on overseas markets, that are sure to be beneficiaries of Europe's reconfigured media scene. In MacDonald's view, one of the brightest prospects is France's Agence Havas, which is in the advertising rep business, and also owns Yellow Page publications, a huge advertising agency, a television marketing and production company and a pay-TV network. Another opportunity, according to MacDonald, is Hachette, a giant French media conglomerate with interests that include, among other holdings, major magazine publishing and television production subsidiaries. Also certain to gain from the expanding marketplace are global advertising firms, some well-positioned U.S. consumer-products companies and the more internationally sophisticated television production outfits.

MacDonald, in breaking what appears to be new ground on Wall Street, has stumbled onto an investment strategy of considerable importance. "We are actively making markets in these stocks and we've done a significant amount of business," he says. Broadly speaking, the move of media investors to Europe represents a major step in U.S. recognition of what's about to happen there, and for that matter in South America, the Far East and elsewhere.

The emergence of a new kind of global media is upon us. In large measure, the huge advertising-industry mergers are designed to position both the agencies and their multinational clients for the burgeoning international television marketplace that will transform—in the American image—the way products are sold across the world. Advertising spending could quickly increase by 80 percent in France and by as much as 275 percent in West Germany, according to some estimates.

Moreover, magazine publishers and television programmers are thinking about their products in international terms. Publishers have launched new magazine editions in a variety of languages for overseas distribution, and international television networks are contemplating simultaneous broadcasts of shows in different languages. Meanwhile, U.S. network executives have begun talking about importing more and more programming as a way to fight high domestic production costs.

The move across the Atlantic also suggests that U.S. media companies have passed through a significant transition phase characterized by spectacular growth and a major rethinking of the worth of media properties. During that phase, U.S. investors came to judge such companies not simply by earnings but by their enormous cash flow and by the extraordinary sums the sales of those holdings can bring. European investors will soon appreciate these once-hidden values in media holdings. And a U.S. model will once again dominate the international marketplace. ●



JEFF MOORES

Frugal Cap Cities Never Owned a Network.
Free-Spending ABC Never Had a Budget.

CAN THIS MARRIAGE WORK?

by L.J. Davis

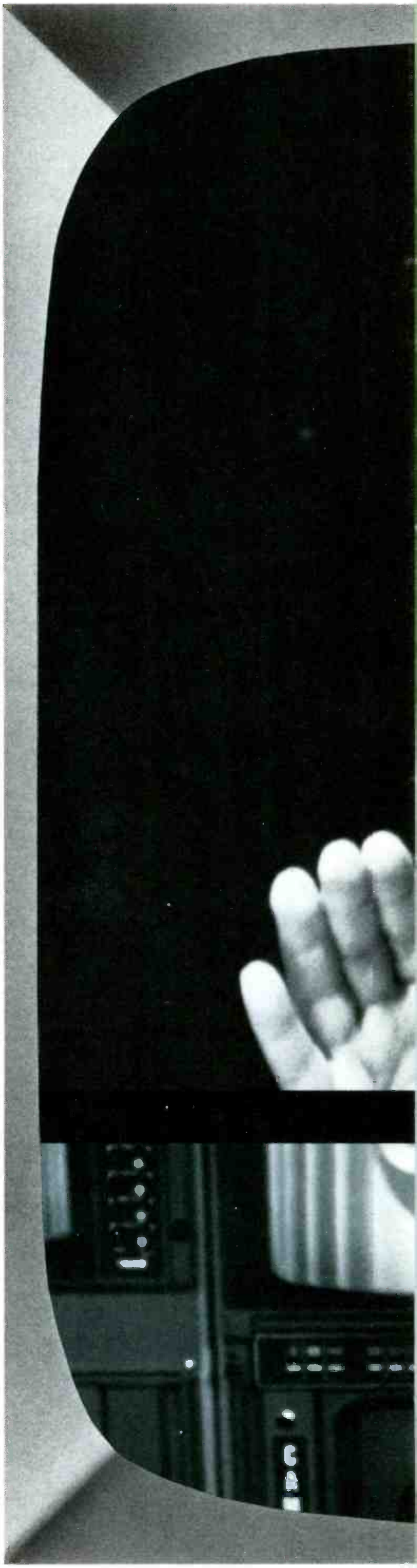
No, they were not planning to sell the television network, said Thomas S. Murphy, chairman of the newly merged Capital Cities/ABC. They were planning to do something different with it. But there was reason for dissatisfaction, he told the gathering of stock analysts on April 10. ABC had trouble in its sports division, and trouble in prime time. If the rest of the year was like the first quarter, he added, the network would actually lose money, although the company as a whole would remain profitable. If Cap Cities had known what it knew now when it agreed to buy ABC, Murphy implied, there might have been an adjustment in the purchase price.

Handsome, tall, balding, urbane, a member of the legendary Harvard Business School class of 1949, Murphy looked exactly like what he was: the prosperous son of a politically well-connected Brooklyn judge. In his prepared remarks, Murphy stressed that Cap Cities was cutting costs. "We cannot—and will not—let ABC get out of shape in the future just because it can afford a richer diet," Murphy said. "This is how Capital Cities has run its business for 31 years—and the philosophy we have followed is the one we will adhere to at ABC from now on."

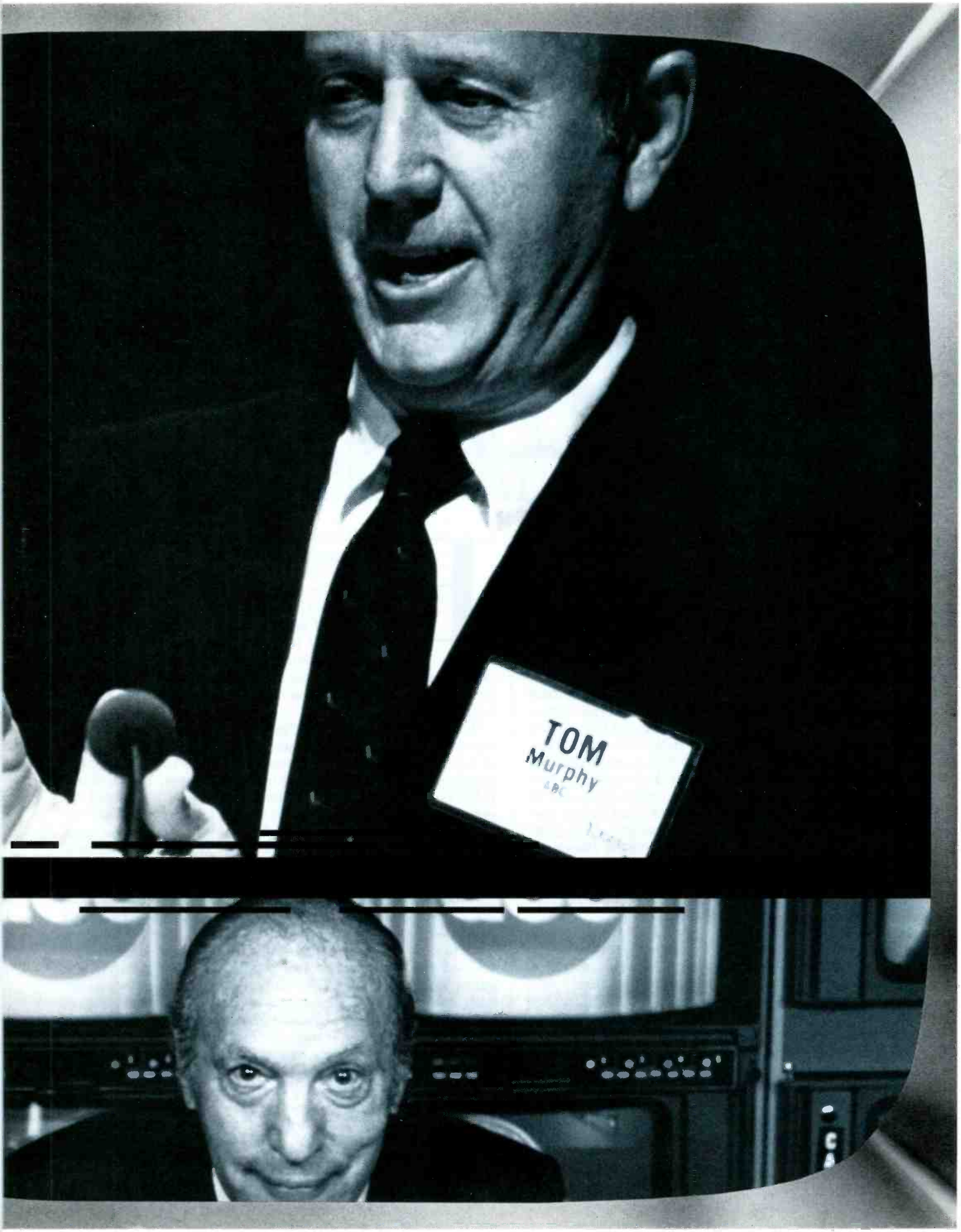
"To understand the merger," Bill Suter of Merrill Lynch said later, "you have to understand that Cap Cities bought four television stations in major-market areas, something they never had before. Attached to the stations there just happened to be a television network." Although Murphy did not say so, he clearly intended to run a major network much as though it were one of the Cap Cities magazines or television stations. While the networks have long operated as if salaries and perks had very little to do with profitability, those very costs were much on Murphy's mind. The company was, in fact, in a period of "great intellectual ferment," as an ABC executive characterized it. Management was discussing new ideas, a few of them off the wall. Cap Cities was determined, an affiliate's general manager

> Murphy's Cap Cities was, in a sense, the sort of company Goldenson had tried and failed to create at ABC.

L.J. Davis is first-place winner of this year's Champion-Tuck award for magazine business writing.



New at the top: Murphy in for Goldenson.



ROB LEWINE

JOYCE RAVID

Announcing the merger, March, 1985 (from left to right), ABC's Pierce and Goldenson; Cap Cities' Murphy and Burke: 'Putting the company into management hands that can carry it into the 21st century.'

reported with some jubilation, to run the network like a business. That was something new indeed.

When Murphy was done, John Sias, the newly minted president of ABC Television, rose to speak to the stock analysts with the candor for which he—like most Cap Cities executives—was widely known. One listener recalls that Sias delivered the most negative network forecast he had ever heard. (It was not lost on at least one of the analysts in the audience that if ABC actually did make money, Murphy, Sias and Capital Cities president Daniel Burke would look like geniuses.) Sias warned that the growth of ABC's advertising revenue might not exceed the rate of inflation for several years—a daunting prospect, especially in view of the seemingly inexhaustible freshets of ad dollars that had poured into ABC in recent years. The network's first-quarter 1986 revenues, as estimated by the Television Bureau of Advertising, were even worse than that: They had declined more than 15 percent, compared with first quarter 1985. But John Sias was anything but daunted. He was accustomed to running a highly successful enterprise, and was determined to run one again—although his methods were a trifle unorthodox. Like Murphy, he was tall; unlike Murphy, he seemed vaguely clownish, and he came by his appearance honestly. He was a renowned jokester. "When he met Roone Arledge for the first time," says one of Sias's friends, "I wouldn't have been surprised if he shot him in the middle of the forehead with a squirt gun."

Sias and Cap Cities had never run a television network before. They had run publishing operations and television stations, had run them very well, and had won the confidence of the financial community as a result. Their programming experience was limited, but they were proud of their record of public service and proud of their prudence in management. They had a hard Catholic edge beneath the easy geniality—the ruler in the hand of the nun. Now they had ABC, a company that was like the city that had given it birth: ethnic, unruly, huge and prone to live on its luck. Lately, that luck had not been very good. The only reason Cap Cities had been able to buy ABC was that the network was in trouble, and it was in trouble in some highly specific ways.

By February 1985 it had become clear to Leonard Goldenson, the 79-year-old chairman of ABC, that his string had finally run out. For years, at many an annual meeting, his stockholders had complained that his board of directors owned far too little of the company, to which Goldenson had invariably replied that he selected directors for their abilities, not for the size of their portfolios. Now, as Goldenson contemplated the bleakest scenarios, it seemed that the stockholders had been right.

On Wall Street, ABC was "in play"—prime for a takeover—the victim of a classic squeeze lately in vogue, in which the value of a previously stable stock was churned northward by large purchases, strategic sales and more purchases. These things tended to take on a life of their own as other speculators and the general public joined in the play; soon, if nothing was done, the arbitrageurs—professional speculators—would take their positions, and their pockets were very deep. From there it was but a single step to the inevitable onslaught of a corporate raider.

Many companies would have had timely warning of a developing stock churn from their investment bankers—and would have put early defenses in place. But ABC had no investment banker—when it came to financial services, Leonard Goldenson liked to shop around for the best price. By the time Goldenson realized the dimension of the threat, it was very late in the game. Donald Trump was in and out of the stock. Saul Steinberg, another name of power, was in, and so was Robert Bass of the well-known family of Texas plutocrats, in partnership with Fisher Brothers and Interstate Properties of New Jersey. Before Bass sold out—at a handsome profit—he had spent $35 million on ABC stock.

In a move that was typical of the man, Goldenson called Steinberg and Bass into his presence and told them to cut it out, but he had no cards in his hand, for fully 74 percent of the stock was in the hands of institutional investors—the managers of pension and mutual funds who had a fiduciary obligation to tender the stock in their custody to the highest responsible bidder. Goldenson had no large, loyal stockholders to block for him.

Nor, in Ronald Reagan's America, could he hide behind the protective veil of the Federal Communications Commission.

When the company had been raided before, by Howard Hughes in 1968, the FCC had effectively scotched the move by insisting that the reclusive billionaire appear to explain himself in person. But the new, laissez-faire FCC, committed to the magic of the marketplace, was unlikely to be so accommodating.

The situation was worse than deplorable. It was downright dangerous, and Leonard Goldenson believed he knew exactly who had caused it—James L. Abernathy, the vice president for corporate affairs, until recently responsible for pleading ABC's case before the financial community. In September 1984, Abernathy, a chunky man who affected the formal attire of an old-fashioned tycoon, had been abruptly summoned back to the office from vacation. He was already in a certain amount of trouble; the company was defending him in a sexual harassment suit. Now he found his office padlocked. As an ABC lawyer stood guard, Abernathy was permitted to clean out his desk. The bearer of bad tidings had been fired.

For weeks Abernathy had warned his bosses that his contacts on Wall Street were disturbed about the company's overall condition and downright alarmed by several potentially disastrous contracts that Roone Arledge, the network's head of news and sports, had negotiated. Abernathy's contacts could do their sums. The football contract with the NFL, expiring in 1987, would cost ABC $25 million in outright losses in 1985. The network was committed to pay $309 million for the 1988 Winter Olympics in Calgary, and Abernathy's contacts, working their pencils on the backs of envelopes, could see no way that it could recoup $309 million in advertising revenues. The baseball contract, expiring in 1989, would cost $575 million; the network stood to lose millions each year. Goldenson and company president Frederick Pierce were impressed with the mighty ratings the events were likely to garner; they were not inclined to listen when Abernathy tried to explain what they were likely to do to the price of the company's stock.

Then, in August, *Forbes* magazine informed its readers, and stock analyst Richard J. MacDonald of the First Boston Corp. wrote his firm's clients, that ABC was dangerously ripe for a takeover bid. The network's ratings were eroding, *Forbes* reported, with a 15 percent decline since 1979. Its prime time series were weakening. It was struggling in daytime, where the company generated 55 percent of its profits and where it had reached more women than NBC and CBS combined as recently as 1981. Meanwhile, ABC had poured $330 million into an all-news cable service called Satellite News Channel and other ventures in the new technologies, only to lose more than $110 million.

ABC's book value was $44 a share but its breakup value was believed to be at least $150 a share (a figure that later proved extremely conservative). Nor would a breakup of the entire company be necessary to finance the takeover; a spin-off of selected assets such as the radio and publishing divisions would turn the trick very nicely. A leaner network, aggressively managed, would be a highly profitable network, something that it definitely was not at present. On paper, *Forbes* pointed out, ABC was still the earnings champion of the three corporate parents of networks (CBS had matched it in the first half of the year), but ABC's profits were at least partly an illusion, the money eaten by dividends and major, risky capital investments in cable programming and other new ventures. ABC management, *Forbes* reported outside observers as saying, seemed to have lost its bearings.

Goldenson concluded that there had been a damaging leak of confidential company information and that it originated with Jim Abernathy. Citing "legal problems," ABC would not comment then, or later, on the reasons for Abernathy's dismissal, but it was not long before rumors circulated on the Street that Abernathy had attempted a hostile takeover of his own company. ABC's stock became even more volatile than before.

To some extent, of course, the problems at ABC were by no means unique to the company. "Like their counterparts at the other networks, they were prone to ratings hypnosis," says a former ABC executive. "A new show would be proposed, and Mike Mallardi [then ABC's chief financial officer] would come in with his people and try to explain that it simply made no sense from a business standpoint. Pierce or Roone Arledge or Tony Thomopoulos would roll right over him. If the show got the projected rating, they insisted, it would generate the necessary revenues, and during the 1970s that had indeed been the case.

Abernathy: the culprit?

The situation was worse than deplorable. It was downright dangerous, and Leonard Goldenson believed he knew exactly who had caused it.

Was it possible that after plunking down $3.5 billion for a media colossus, Cap Cities had no clear idea of where it was going or how to get there?

But by the 1980s, ratings alone would no longer justify megabuck expenditures, because the revenues couldn't keep up."

If some of the network's errors were typical of its industry, however, many of its problems were ABC's alone, the products of its peculiar corporate culture. If NBC, with the many layers of management it deemed necessary to justify its existence to its corporate parent, RCA, resembled the post office, and CBS, with its commitment to excellence in news and a certain perceived arrogance, was sometimes likened to the State Department, then ABC was like nothing on earth so much as China in the days of the Kuomintang. Like Chiang kai-Shek's China, ABC had a seemingly rational governmental structure, with flow charts, executive titles and divided responsibilities. It had a winter capital, New York, and a summer capital, Los Angeles. In Leonard Goldenson it had a head of state, but he was fervently wedded to a concept he called "executive autonomy."

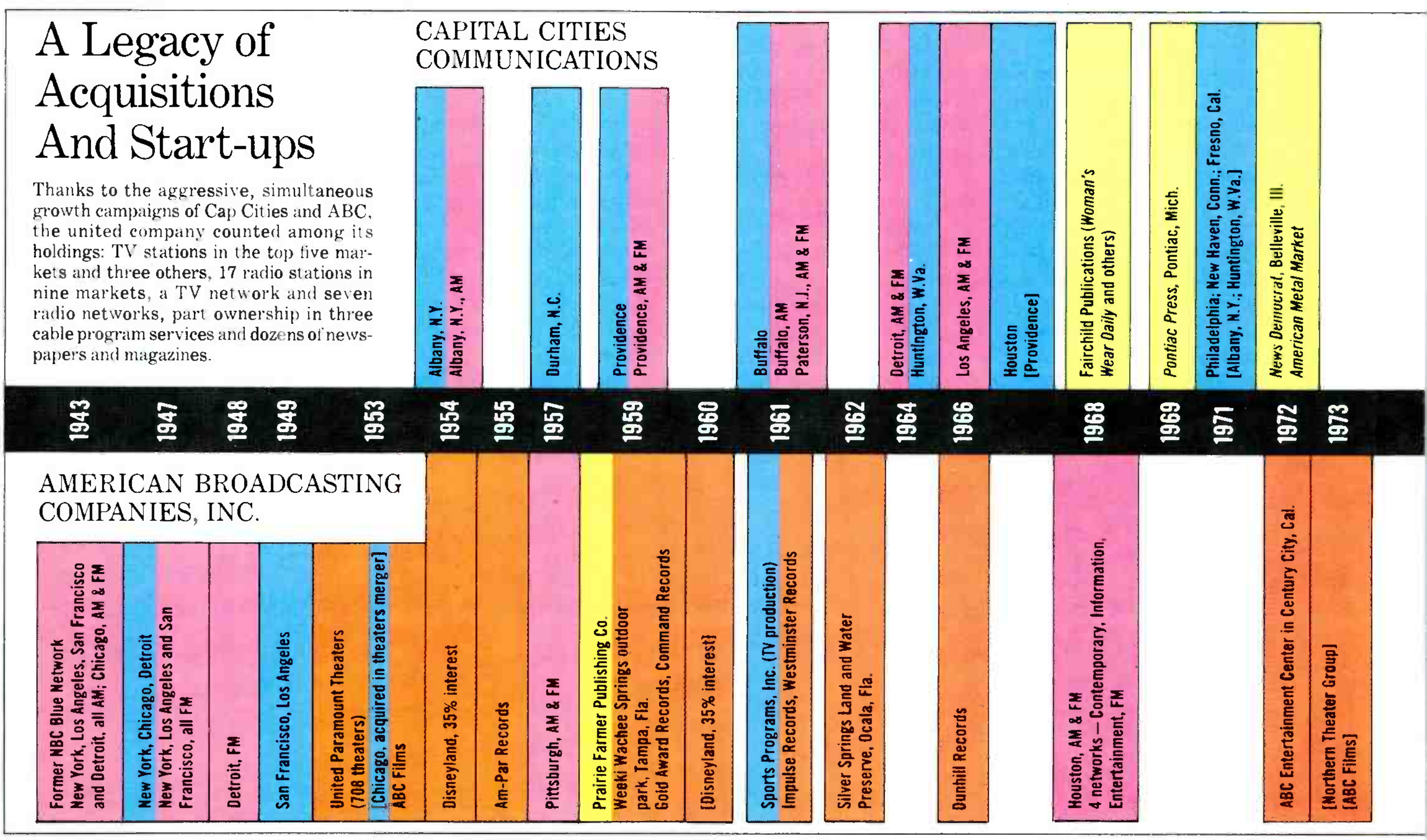
"Sure, they had a business plan," says Danny Arnold, the creator of the onetime ABC hit *Barney Miller*. "It was just that, if they got some idea or other, they didn't follow it." ABC, like vanished China, was a warlord culture. "It was a nonmanaged company," says a former executive. "They did not believe in management as a discipline. There was no mandate that told us what kind of a company we were trying to be and no plan that told us how to get there."

The chief preoccupation within the company was power—getting, expanding and protecting it—and its most characteristic mind-set was panic—the frantic search for ideas that worked, for a winning schedule, for revenues. Internal controls were poor and executive accountability was a dim concept until some department or other spun completely out of control—as the record division did in the 1970s, losing millions of dollars before it was finally sold off. And yet, even the most disgruntled of former employees admitted that the place had a certain scrappy flair and a willingness to try anything that was lacking at its rivals. "Corporate culture is how you feel when you come to work in the morning," says one ex-ABC staffer. "It was a vicious place to work, yes. It was also fun."

There were other problems. "Leonard Goldenson is the sort of executive who has the ability to inflict pain and get away with it," says another ex-staffer. "He always had a hatchet man. At first it was Si Siegel, his executive vice president, and after Siegel retired, it was Ev Erlick, the general counsel. It was Erlick who thought up the executive elevator for top management, the one that only stopped on the 27th, 38th and 39th floors, because he didn't want to have to talk to people. The rest of the time it was the freight elevator. It smelled like a garbage scow." When Goldenson tried to raise badly needed capital by merging with ITT in 1966 (the merger did not go through), his worries were said to be twofold: that he would be compelled to deal with

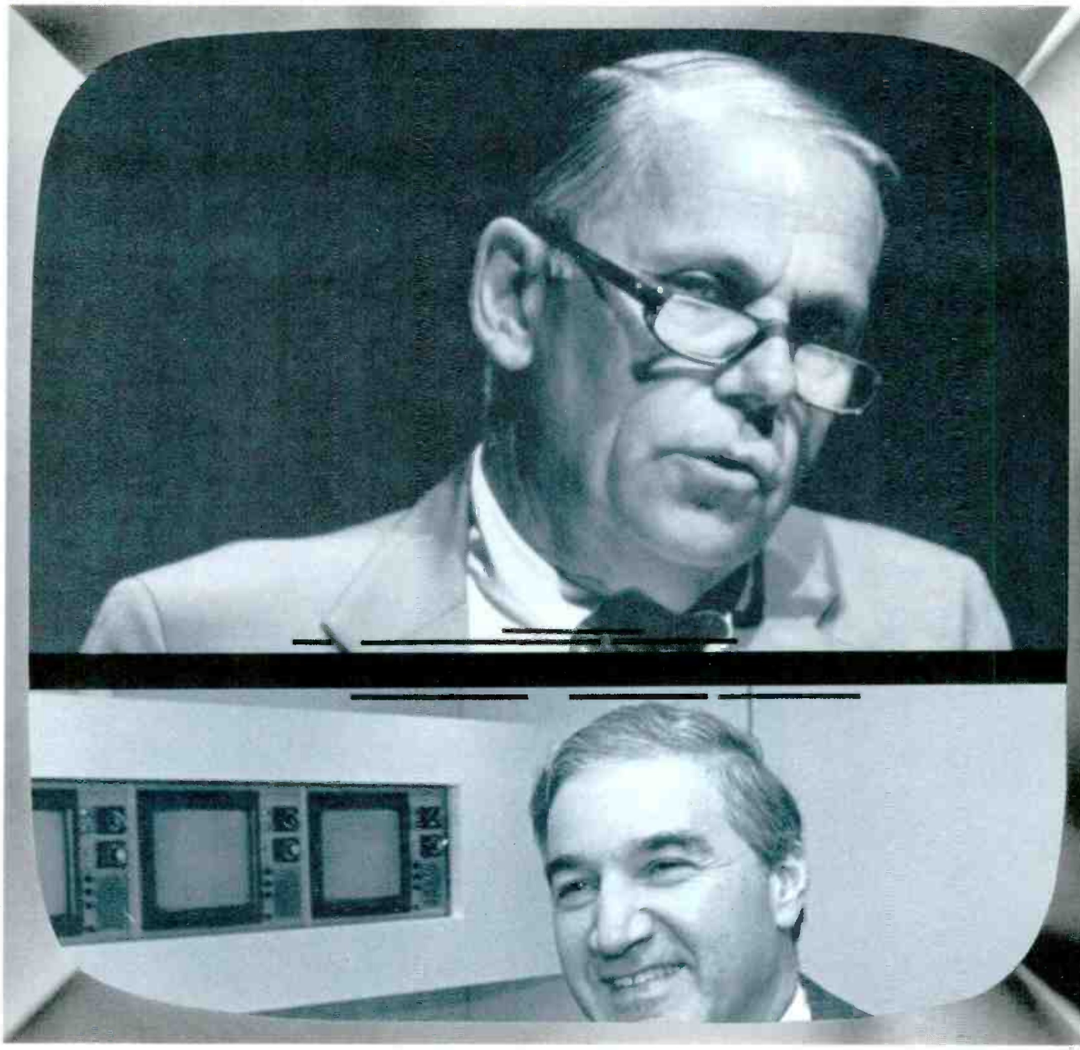
A Legacy of Acquisitions And Start-ups

Thanks to the aggressive, simultaneous growth campaigns of Cap Cities and ABC, the united company counted among its holdings: TV stations in the top five markets and three others, 17 radio stations in nine markets, a TV network and seven radio networks, part ownership in three cable program services and dozens of newspapers and magazines.

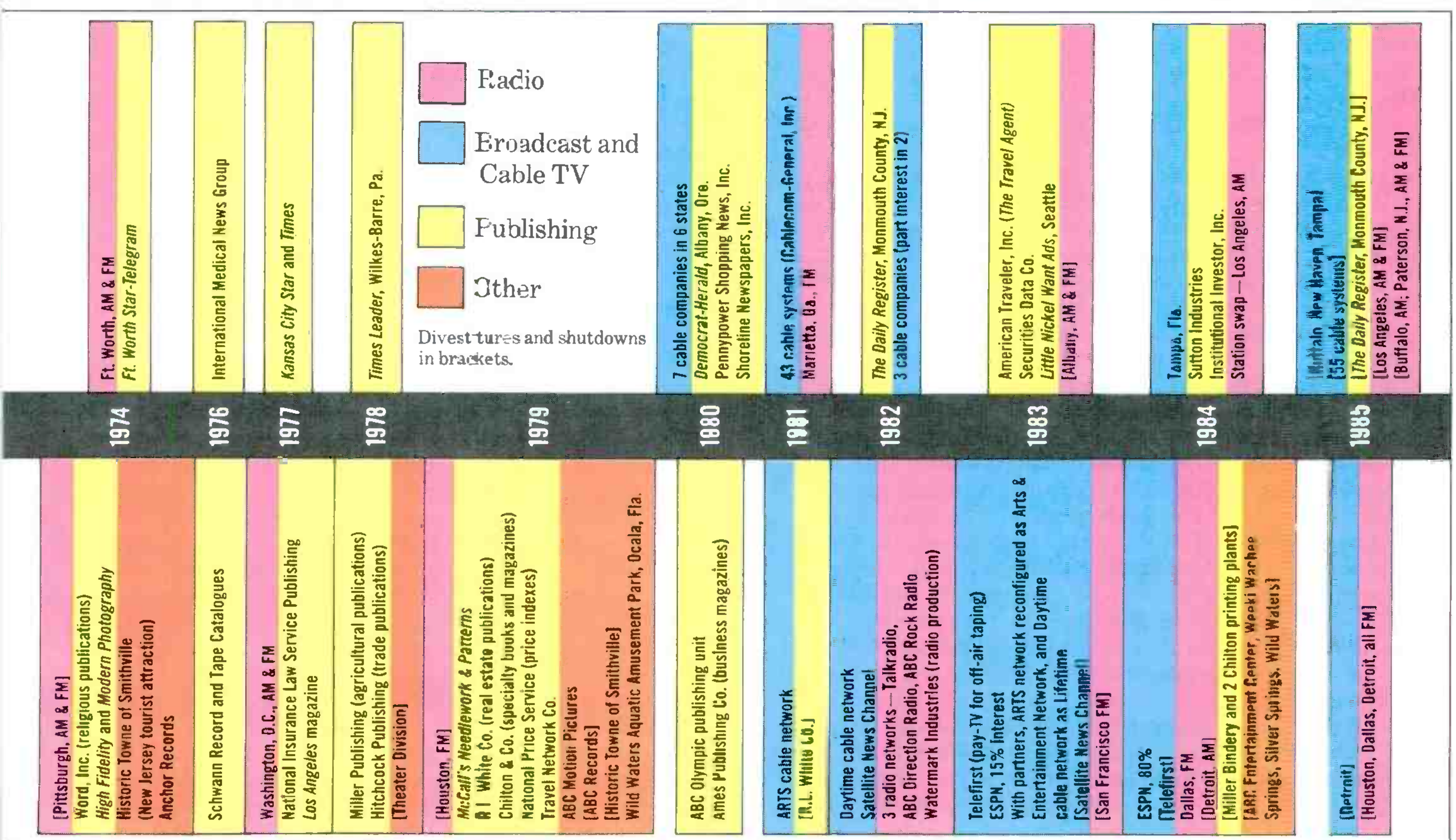


MOFFITT CECIL/COMPILED BY WILL DANA

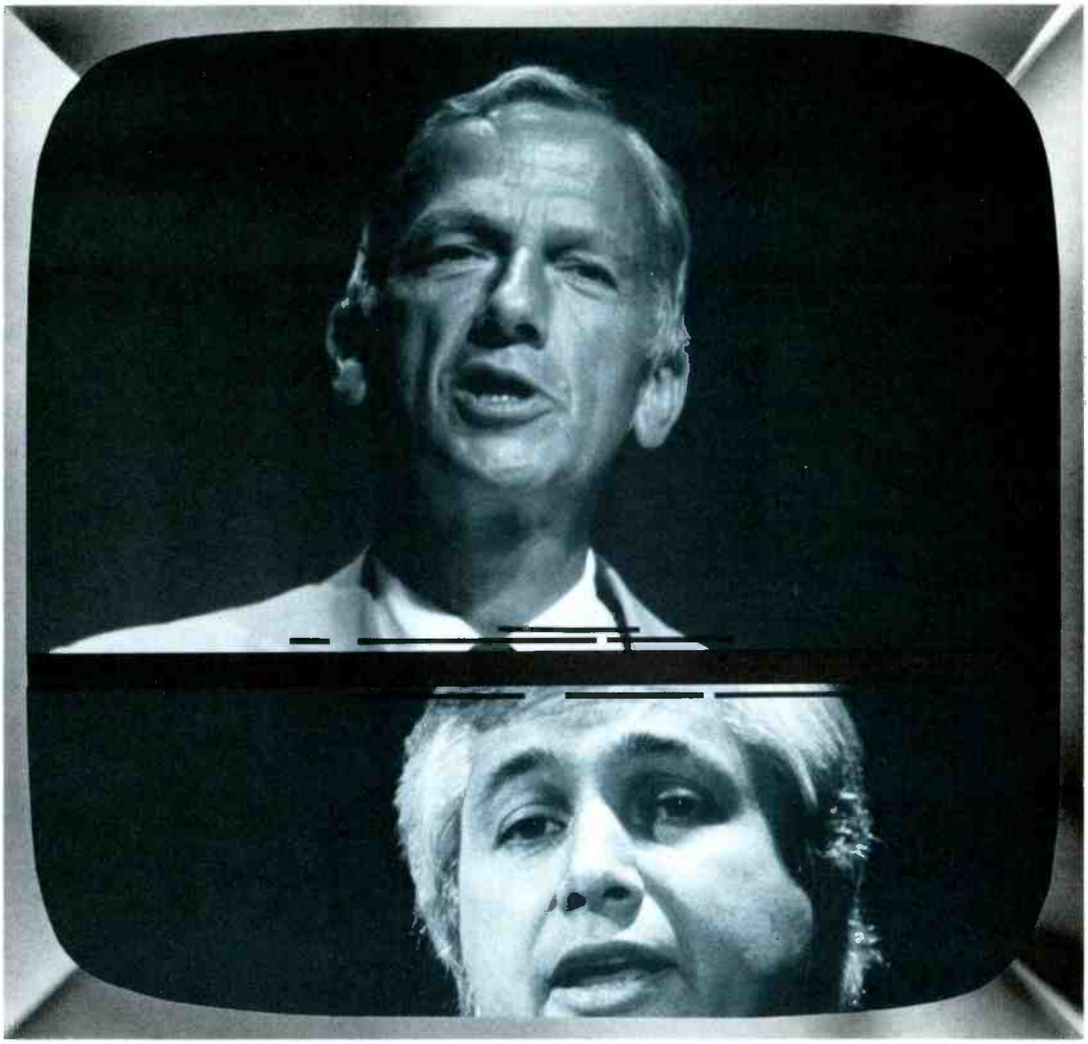
The newcomers were trying to create a new kind of network, one that could be run like a business and that would make money, even in third place.



New at the top: Burke in for Pierce.



'When Sias met Roone Arledge for the first time,' said a friend, 'I wouldn't have been surprised if he shot him in the forehead with a squirt gun.'



ROB LEWINE

New at the top: Sias to TV; Thomopoulos to movies.

paperwork and that he would have to attend regular meetings at ITT headquarters that were known for their sharp questioning; at ABC the heads of the divisions met only once a quarter, and they spent part of the time papering over problems rather than solving them.

For years in the 1950s and '60s the network made no money; given its tumultuous culture and endless quest for immediate cash, it became wedded to the "high-concept" series—the gimmicky Western, the gimmicky detective show, *Batman*—that might do well for a season or two, before the bloom went off the rose and another hook had to be fashioned. In 1968, when Elton Rule, the former general manager of the ABC-owned station in Los Angeles, arrived as network president and announced that ABC would rebuild the schedule slowly and carefully, one night at a time, the common sense was startling.

Rule's reorganization of the company was praised and imitated—in the late 1970s *Dun's Review* would declare that ABC was one of the five best-managed companies in the country—but the reforms were as illusory as the profits of the 1980s. In fact, Elton Rule was the chiefest warlord of them all—a man with a sound strategy, the tactical ability to achieve it and able junior warlords in the form of Roone Arledge at sports and later at news, the wunderkind Fred Silverman as programming chief, Michael J. Eisner as head of prime time development and Fred Pierce, who headed the network when Rule moved up to the company presidency.

Under Rule, Pierce, Silverman, Eisner and Arledge, the perennially weak third-place company roared into first during the 1975–76 season, enjoyed three years as king of the hill and then seemingly slipped back into a comfortable and profitable number two, behind CBS. Suddenly, ABC was rich. It had been poor for so long that a binge was probably inevitable. "When they struck it rich in first and then second place," says an industry source, "they struck it *nouveau riche*. They got fat, they spent money in flamboyant ways." Now it was time to get in on a little of the glamour—the limousines, the lavish buffets, the suite at the Plaza—that was supposed to be network broadcasting.

Much was later made of these extravagances, but in truth they were relatively minor things, easily repealed, with little relation to the company's performance. More dangerous in the long run was the payroll bloat: ABC had added whole layers of management that made very little sense, some of them as rewards to loyalists who had seen the network through the bad times.

"You had Goldenson as the chairman," says one observer familiar with the situation. "Then you had Rule, the charismatic leader who was the glue that held the company together for so long. Then you had Pierce and Tony Thomopoulos, president of the broadcast group; John Severino, president of ABC Television; Jim Duffy, president of the television network—this is all in a reporting line, mind you—and George Newi; and finally Al Rubin. You had to get to Rubin before you found somebody who was generating some real numbers." Whole departments were overstaffed. "In news in New York, we had 20 people doing the job of six at CBS," says a writer who worked for both companies. "When you went to cover a story, you always felt that money was no object. We were all overpaid. With overtime, I was pulling down a thousand a week for very little work."

"Something like that works only as long as it rains money," says a former network executive. And by late 1984, with the company in play, it was no longer raining money, and Elton Rule had retired and returned to his beloved California months before. First Boston was engaged as investment banker and

Sias used a boat horn to enliven his passage through the halls and call his meetings to order. It was how you knew what part of the office he was in.

instructed to study the situation. It was, ironically, the very company whose Rich MacDonald had been so instrumental in bringing ABC to its current plight. As First Boston saw the situation, Goldenson's options were familiar ones. He could, for example, try to buy Storer Communications, then on the block, as planning vice president David Johnson repeatedly urged, thus polluting his corporate waters with a daunting burden of debt. He could probably save his company by doing that, but there was the succession to think of. "I think if Elton Rule had still been there, Leonard would have let him try a leveraged buy-out," says one observer. "There was no way he was going to let Pierce do that. Fred wouldn't have known how."

There were those who believed that Goldenson saw in Pierce the son he never had, but the board of directors had grown increasingly restive during Pierce's brief tenure as Rule's successor, and the board was not alone. Within the company, Fred Pierce's management style was being referred to as "bunkering down." "You literally could not bring Pierce bad news," says a source close to the company. "Or you could bring it to him, and he wouldn't listen." As 1984 ripened into 1985, Goldenson slowly made up his mind. He would seek a white knight. "You have to look at what Leonard said," observes Rich MacDonald. "He said that he wanted to put the company into the hands of a management that could carry it into the 21st century. What does that say about Fred Pierce?"

The white knight in question would be Tom Murphy of Capital Cities Communications, who had expressed a willingness to merge not once but twice, in December and again, with an improved offer, in mid-January. Here was irony. ABC once had discussed merging with Cap Cities, if the FCC ever amended its rules on how many stations a company could own. Then, it would have been ABC that bought Cap Cities. Now Cap Cities would buy ABC, a company three times its own size.

In a sense, Murphy's Cap Cities was the sort of company Goldenson had tried and failed to create at ABC. It was known for the broad latitude it granted its corporate managers, but it was also a firm respected on Wall Street for the blackness of its bottom line, and it put sensible limits on executive autonomy. Top management closely examined every item in the annual budget. The object of any enterprise, they insisted, was to make money, the more of it the better.

Although Cap Cities was largely unknown to the general public, it was very familiar to ABC; Murphy was a frequent golfing partner of Goldenson's, and four of his seven television stations were ABC affiliates—together making up the most potent single group of affiliates. In addition, it owned 12 radio stations, 55 cable systems, nine daily newspapers and more than 34 specialty papers and magazines including the Fairchild Publications stable, *Women's Wear Daily*, *Multichannel News*, *Footwear News*, *American Metal Market* and others ("If Cap Cities owned a magazine called 'Heavy Metal,' " says one former editor, "it would be about metal"), and 40 weeklies and shopping guides. Obviously the company was doing something right; 1985 net income would be just over $142 million, up from $25 million a decade earlier.

At $3.5 billion, the Cap Cities purchase of ABC would be the largest non-oil merger in history until the GE-RCA merger was announced later in the year. To satisfy long-standing FCC restrictions on media cross-ownership, the two companies spun off the Cap Cities cable-TV operations and four TV stations—leaving the merged company with eight TV stations. Goldenson would become chairman of the executive committee, Murphy corporate chairman, Burke president and Pierce would move down a notch, to president of ABC Television. On January 3, 1986, all ducks seemingly in a row, Murphy arrived at ABC headquarters to take up his new duties, exhibiting a euphoria, one ABC insider dryly remarks, "that was not shared."

Later it would be said that they had humiliated and fired Fred Pierce, but that was not the case. Pierce had spent virtually his entire working life at the network; whatever his shortcomings as a chief executive, he was a seasoned professional with valuable knowledge of the company. Cap Cities would not have to seize the levers of power within the company; it would simply enlist Pierce, who already manipulated them, as an ally. Pierce believed he had a firm agreement with Cap Cities, under which he would retain his position as president of the enlarged enterprise. Then in December Cap Cities changed the plan. Pierce would no longer be the heir apparent. He would be president of the network, reporting to the new corporate president and heir apparent, Dan Burke. Pierce decided it was time to go.

When he announced his resignation January 4, the day after the merger, Murphy and Burke were clearly taken by surprise; they had no plan. As Pierce's replacement they selected John Sias, the president of the Cap Cities publishing division. An ex-paratrooper, military buff and devotee of physical fitness, Sias had served with Metromedia from 1962 to 1971, first as president of television sales and later as group vice president. His career at Metromedia and Cap Cities offers intriguing insights into just what he and Cap Cities had in store for ABC.

John Sias is probably one of the smartest guys I've ever met," says a longtime acquaintance and former ABC executive. "I say that advisedly. He's deceptively bright. No matter who else takes credit for it, he and Larry Fraiberg made Metromedia into the company it became. He's the kind of guy who will never ask you to do something he won't do himself. He used to make sales calls—the president of the company. There's an old joke: When a company gets in trouble, fire the janitor. John knows better than that. He'd come into your office in the morning before you got there and sit at your desk; when you walked in, he'd say, 'Have you lost interest?' Every Metromedia station manager used to keep a list of stats on his desk by the phone, because John would call and ask things like the exact height of their aerials."

If that was John Sias from eye level, as it were, the view from below was slightly different. At the Cap Cities subsidiary Fairchild Publications and later at ABC, he used a boat horn to disrupt the elevators, enliven his passage through the halls and call meetings to order. "It was how we used to know what part of the office he was in," recalls a former Fairchild editor. At ABC, he hid employees' coats and pretended to be the Turkish embassy when he answered the phone; at Fairchild, he shot people with his water pistol, ordered two dozen pizzas sent to the staff of *M* magazine and put whoopee cushions on chairs.

"I never saw him do anything all day but ride the elevator and play practical jokes," says one ex-editor. Perhaps Sias told himself he was making the workplace convivial but not everyone

Sias would come into your office before you got there, sit at your desk, and when you walked in he'd ask, 'Have you lost interest?'

read his behavior that way. "It's a straight adversary style, management against the staff," says a Fairchild alumnus, "but it's couched in an aura of zaniness that is very misleading. It was like all that goofy madness was a privilege of power, not a leveling force. In a way it was worse than having people come down and say, 'You do this and you do that.' " Like all Cap Cities managers, John Sias scrutinized costs, and many of the costs rode the elevator with him. "The company gave their editors and managers bonuses for holding the budget down, something that was particularly offensive because it meant that you'd be working against your own editor—the person you'd expect to be your ally was actually your enemy," says one of the former editors.

The publications were chronically understaffed. "We didn't have enough people to answer the phones," says a Cap Cities alumnus. "We routinely lost negatives because we didn't have anybody to log them in and out. You'd have people doing three jobs and drawing one not overly generous salary. There was a tremendous difference in the compensation of the troops and the bosses." They would prefer that an ambitious employee leave the company than seek advancement and raises, some observers felt. "It wasn't an iron hand in a velvet glove; it was a lunatic hand in a steel glove, with a kind of unstructured chaos at the top—all those practical jokes, and how thin they became after a while—that somehow worked." Under John Sias, the $643 million contributed by the publishing division last year—including the newspapers—made up 63 percent of Cap Cities' revenues.

At ABC, Sias was soon observed wandering backstage at the news division, wondering aloud if all the technicians were really necessary. As part of a campaign for corporate democracy, the former executive elevator once again devoted itself exclusively to ferrying freight, and Sias began to eat breakfast in the company's subsidized cafeteria, where he occasionally whipped out a whistle and blew it to see how many trays would fall to the floor. Observing a low-ranking employee with five pats of butter on her plate, he asked, "Couldn't you get along with two?"

Contemplating their new acquisition, Murphy and Burke took offices in the building. ABC was not, Murphy said privately and sometimes in public, the company they thought they had bought. As some within the network had predicted, ratings had fallen sharply—ABC was back in third place, behind a struggling CBS and a resurgent NBC—and revenues had dropped; the network was giving more free time to sponsors since ratings had fallen short of projections. Cap Cities executives had held themselves separate from the network before the merger took effect and had not anticipated the extent of the problems they found or the goldfish bowl in which they now operated.

They had managed Cap Cities with a front-office staff of around 35 and no public relations department; as the owners of ABC, a major industry in the country's principal media center, they saw no reason to court the inquisitive jackals of the press. But while this reluctance was traditional for Cap Cities, there may have been a more alarming reason for it, as betrayed innocently by a company spokesman 11 months after the takeover was announced: "Until he [Murphy] figures out what he's going to do with the network," said the publicist, "he has no intention of talking with outsiders." Was it possible that, after plunking down $3.5 billion for a media colossus, Cap Cities had no very clear idea of where it was going or how to get there?

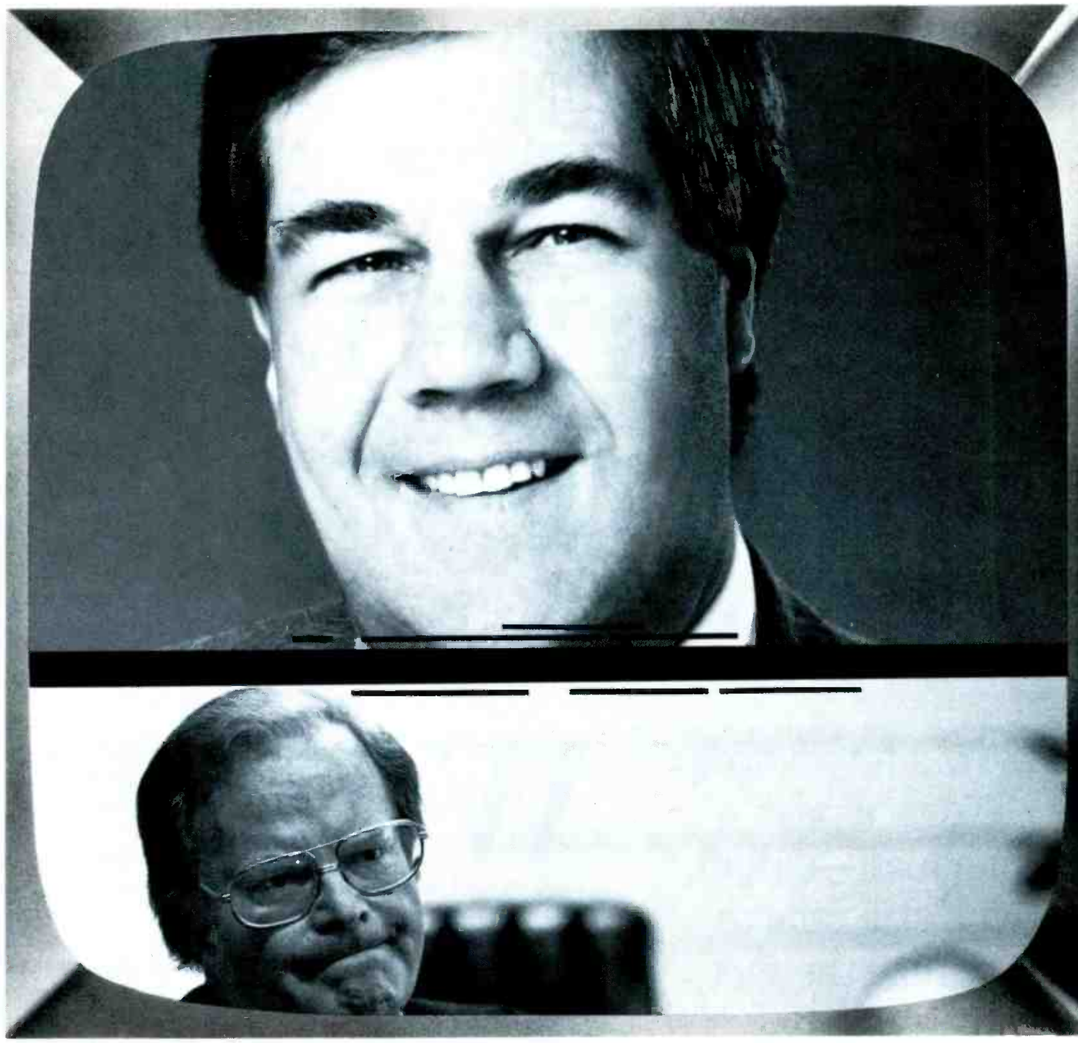
When the first changes came, in January, they were swift and confusing. Positions were abolished, executives shifted. Brandon Stoddard was the new network programming chief, a post he had previously declined. It was made clear that he was to be given his head in true Cap Cities fashion. The clearest winner among the executives jockeying for power was Michael Mallardi, who was put on Sias's level as president of the broadcasting division, with supervision of the owned stations, the radio group and the cable sports network, ESPN. Mallardi reported directly to Burke; for the first time, he had a mandate to carry out the stringent policies he had advocated as ABC's financial officer.

At a company meeting earlier this year, Warren Buffett articulated the Cap Cities philosophy, which was identical to his own. No detail was too small, Buffett said; for example, copying paper was expensive and if too much was used, costs went up. Staffers began to notice that the handsets of unused telephones had disappeared. Memos circulated abolishing limousine service, first-class travel on flights under 500 miles and the company cashier. Expense money would no longer be disbursed in advance; the company, not its employees, would play the float.

Rumors abounded. It was said that the corporate jet had been sold, but ABC owned no corporate jet. It was said that there had been a general purge of ABC senior management, but only Sias and two others had come in from Cap Cities; everyone else was still ABC. It was said that there would be a massacre on Valentine's Day, when 1,000 of ABC's 12,000 employees would be let go, that a master plan existed to eventually eliminate 4,000 positions. There was no massacre and no master plan, but many employees did lose their jobs. Sources within the company estimated that as of May, perhaps 600 positions actually had been eliminated, former employees put the figure at more than 1,000 and sources in the elevators muttered guardedly of whole floors that resembled ghost towns.

In a move that was called a promotion and widely considered a demotion, Roone Arledge was taken out of the sports division that he had created in his own image and instructed to concentrate on news. Actually, it was a step that had been considered inevitable for more than a year. The news division believed that Arledge spent too much time on sports, while at the sports division he was known as the Wizard of Oz because "nobody can see the Wizard!" Telephone calls went unreturned, decisions went unmade, were made late or were made badly. Arledge's successor, Dennis Swanson, instituted a dress code and sat down to contemplate the football, baseball and Olympics contracts. "I could turn more of a profit if I took the money across the street and put it in the bank," says Swanson. Actually, he could have turned more of a profit if he took the money into the backyard and burned it. The ratings remained high, but the advertisers were no longer willing to foot the astronomical bills. Swanson could foresee a time, he said, when there might be no NFL and no baseball on ABC—unless the leagues signed contracts he could live with. At Cap Cities, they had always been candid.

At their monthly meetings, they laid everything on the table. It was a whole new world for ABC. They spoke of doing fewer miniseries and more news shows, whose costs would be lower and profits greater. Sias told *The New York Times* in a rare interview that he did not expect to read scripts (he had, after all, 'When they struck it rich, they struck it *nouveau riche*. They got fat, and spent money in flamboyant ways.'



New at the top: Sports chief Swanson in for Arledge.

no programming experience), that the network might buy its shows in places other than Hollywood (thus saving yet more money) and that the network might make no money during the current year (which sent the price of the stock down).

Burke, Mr. Inside to Murphy's affable Mr. Outside, dropped by the divisions, preaching the gospel according to Cap Cities and making it clear that if something went wrong he wanted to know about it at the time, not after the fact. The divisions would really be autonomous, he explained again and again. Paradoxically the old anarchic ABC had been overcentralized; the warlords had ruled from New York.

The newcomers were trying to create, some observers speculated, a new kind of network, a network that would be run like a business, a network that would make money even in third place. ABC might, for example, keep a show on the air despite poor ratings, so long as it made money, one former executive speculated; the pain and suffering would be borne by the 213 affiliates.

It began to appear that ABC had taken its medicine early. NBC also had a conservative new owner, General Electric, which was expected to look long and hard at its network; CBS, its profits down, announced that it would eliminate hundreds of jobs. The turnaround at ABC, if it came, was expected to take three years, but there were doubters. Substituting news for dramatic series, an executive at another network says, is like piling on more sports shows—put on too many of them, and the market will be saturated. Renewing a money-making show with poor ratings, he adds, runs the risk of the downward spiral; such a show might attract second-rate advertisers with short purses, which would mean less advertising revenue, which would mean even poorer shows.

It would be tempting to seek economies in programming, which takes about 80 percent of the network's budget, but turning away from Hollywood, or even talking about it, was likewise a poor idea; as a third-place network, ABC would have enough problems attracting new programs of winning quality, and if the cost cutting extended to Stoddard's realm (sources at the network insisted that it did not), the problem would only grow worse. "Just because something gets talked about doesn't mean it's going to be done," insists one highly placed source at the network. "We're discussing a lot of things."

They talked of compensating their affiliates with advertising time rather than cash, an idea regarded with suspicion by many affiliates. The suspicion was mutual. "They think the affiliates are greedy," says a source within the company. "After all, they were affiliates themselves." To a very great degree, however, the affiliates were the part of the network that mattered—they reach three quarters of the nation's homes for ABC—and some of the affiliates were not amused. "Sure, NBC was able to trade ad spots for cash compensation when it was in trouble a few years ago, but the economic environment was very different then," says Ron Loewen, station manager of KAKE in Wichita, Kansas. "Now we're in a glut situation as far as available ad spots are concerned. There's no way that I could approve of such a radical change in the way the network compensates us." Some important affiliates had jumped over from NBC during the latter's troubles. Now ABC could have its own defections.

Intellectual ferment was all very well, but alienating the affiliates, aggravating Hollywood, allowing rumors to proliferate and thinking out loud while simultaneously erecting a baffling wall of silence were several horses of quite a different color. "I wonder," muses an industry source, "if they have any idea of what they're doing?" ●

Though he left the FCC 11 years ago, the tireless Richard Wiley is still known among his fellow communications lawyers as

The Sixth Commissioner

'Now a few words from a past chairman—a man who still fails to recognize the fact,' said current Chairman Mark Fowler, introducing Wiley at a recent dinner.

by Caroline E. Mayer

Washington lobbyist Michael Gardner will never forget his first—and so far only—tennis match against communications attorney Richard E. Wiley. Gardner thought he had it made when Wiley complained of staying up all night to deal with a family problem. But Gardner was in for a shock.

"He was totally ambidextrous. He never hit backhand. Rather, he switched the racquet from his left to right hand and then back and covered the whole court, all the time with forehand. He never let up," says Gardner. Wiley won handily. "He's a tireless, formidable opponent," says Gardner, who has also seen Wiley the lawyer in action. "I don't think he ever relaxes—either on the tennis court or in a substantive fight."

Wiley's tenacity and his other winning ways were recognized last year when he was named the nation's leading communications attorney in a *National Law Journal* listing of the country's top 100 lawyers. Superlatives come up repeatedly when Washington lawyers, whatever their political stripe, talk about Wiley, a former Republican chairman of the Federal Communications Commission.

"He's the quintessential rainmaker," says Henry Geller, a former Carter administration policymaker. Whenever Geller visits the eighth floor of FCC headquarters, where the commissioners hold court, Geller says he sees Wiley escorting clients around. "He's almost ubiquitous. I begin to wonder if he ever rests."

Current chairman Mark Fowler testifies: "He is the most successful practitioner I have ever seen at the commission."

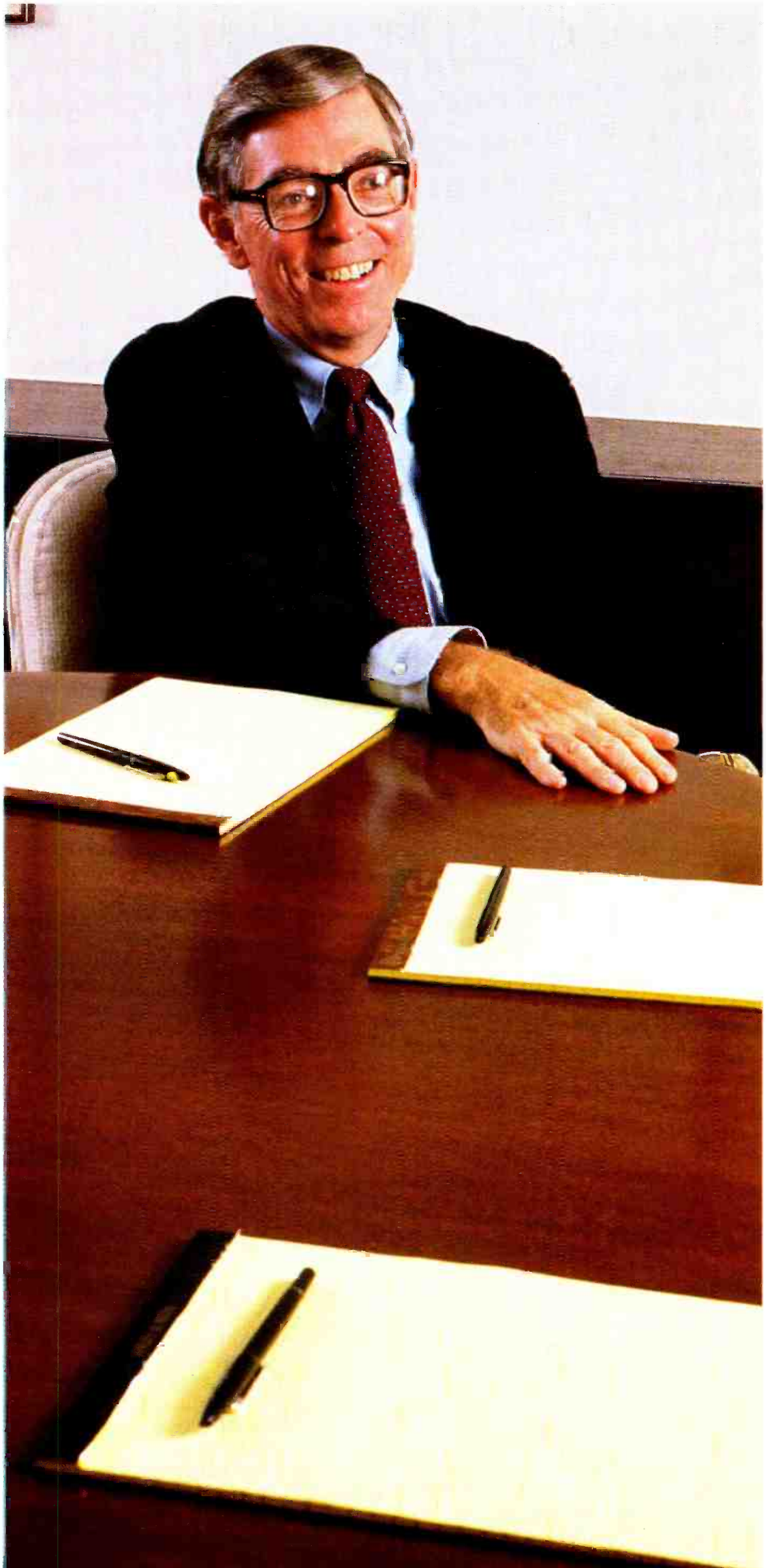
His success with perhaps the greatest long-term effect for telecommunications was persuading the federal court that broke up the Bell system to temporarily prohibit AT&T and its spin-off phone companies from engaging in electronic publishing. Wiley's client in that case was the American Newspaper Publishers Association, but he also represents small religious broadcasters and giants like GTE, Xerox and CBS in every corner of the FCC's jurisdiction. "There's not an issue Wiley's not involved with," says former House of Representatives aide David Aylward.

For the Communications Satellite Corporation (Comsat) he helped overcome the opposition of land-based broadcasters to win FCC permission for direct broadcast satellite (DBS) service. Though Comsat's DBS proposal has been scrapped, and DBS may be years from economic viability, the decision at the time, in 1982, seemed momentous and the threat to the TV industry fearsome. Broadcasters fought it tooth and nail.

Most of Wiley's victories and his satisfactions, however, are modest ones, such as recently winning a television license in Miami for a Hispanic client.

Wiley has stayed so close to the FCC and its apparatus since leaving the chairmanship 11 years ago that some lawyers privately call him "the sixth commissioner." At a commissioner's recent farewell party, chairman Fowler recognized Wiley's status in an introduction: "Now a few words from a past FCC chairman—a man who still fails to recognize the fact." Some attorneys detect a barb in the remark, in fact, and say that Fowler

Business reporter Caroline E. Mayer has covered telecommunications and the FCC for The Washington Post.



Wiley says he "got the bends" when he depressurized after his FCC years, but by anyone's standards, he's still running fully charged.

resents the attention Wiley gets from the FCC staff and commissioners. Fowler denies it. "I've never felt that way," he says. "I've been aware Dick is very influential. But there have been times when the commission has disagreed with him."

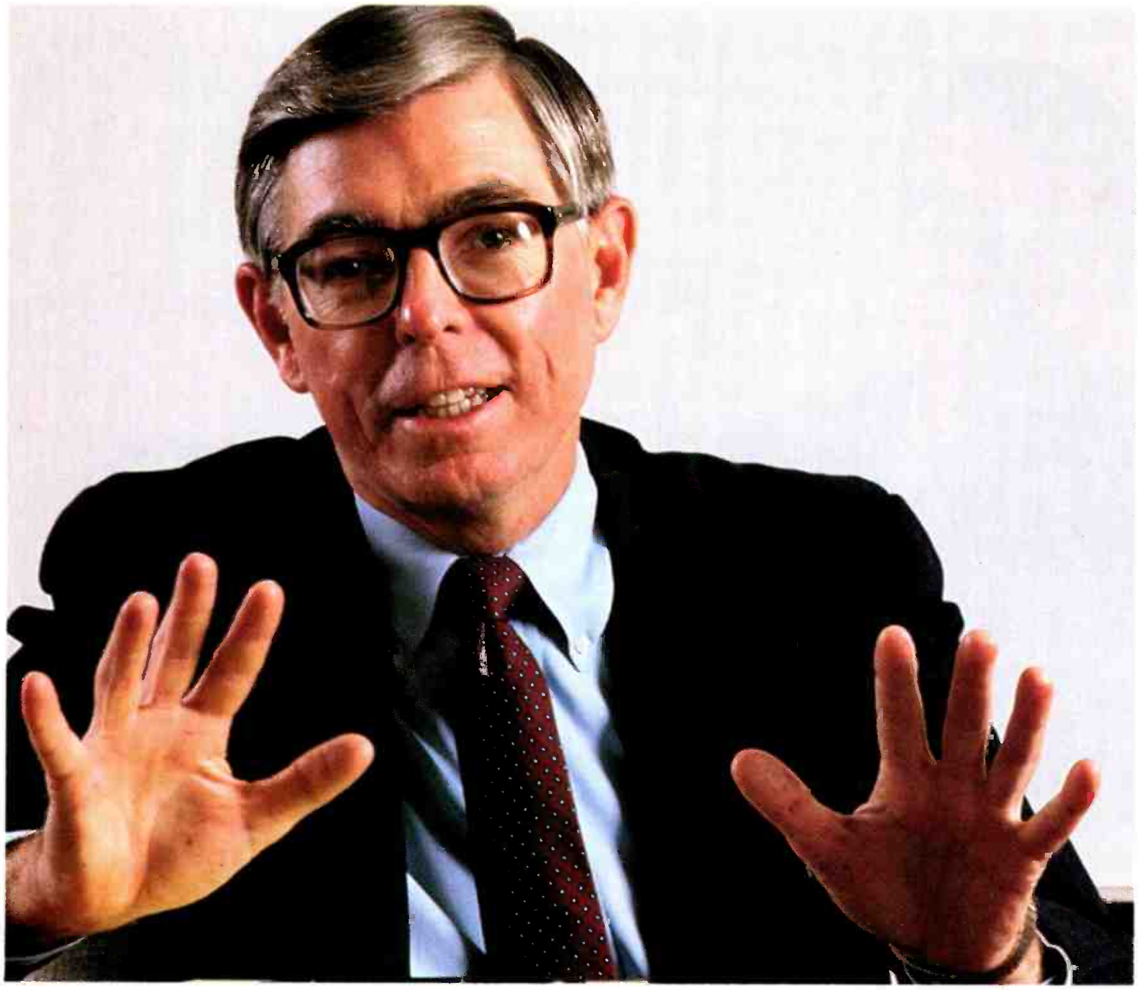
There were the times, for instance, when he failed to persuade the commission to give more special financial relief to his client GTE and the other rivals of AT&T's long-distance phone service. He couldn't block FCC approval of a private-sector international communications satellite competitor to Intelsat, a close partner of his client Comsat. And, despite Wiley's agile footwork, CBS has failed to win its battle with the production studios over the FCC's Financial Interest and Syndication Rules—one match in which Michael Gardner was on the winning side. After Hollywood's hard lobbying at high levels, President Reagan intervened and advised the FCC that he opposed its proposal to lift the rules that bar networks from owning and syndicating shows. The FCC left its rules in place.

Even though these battles were losses for Wiley's clients, commission officials don't lay them at his feet. "These issues got a lot further than they otherwise would have," says former commissioner Henry Rivera. "Because of his credibility you can't summarily dismiss him when he's involved."

Andrew Jay Schwartzman, executive director of the Media Access Project, a citizens' group, credits Wiley with having "all the basic equipment every good communications lawyer has. But," he adds, "not everyone works as hard at it. He also has really special social skills—skills that make him as comfortable talking to broadcasters as he is talking to me."

"He does an old soft shoe rather than a

PHOTOGRAPHS BY RHODA BAER



"He has such a driving personality to be totally on top," says a competing Washington lawyer. "He doesn't want anybody else to get part of the pie."

hard tap dance," says Jack Valenti, head of the Motion Picture Association of America, who has dueled with Wiley for years over the financial interest rules. But Wiley doesn't save the charm for VIPs. "He's always understood it made sense to be as nice to the receptionist as to the chief counsel," recalls Aylward, who was himself chief counsel of the House Telecommunications Subcommittee. "A lot of lobbyists don't think they have to be nice to people. But because Wiley is, he is more likely to get in to see a member of Congress, to get calls returned, to get appointments faster."

Wiley works a party like a politician, greeting people at the door, shaking hands, always remembering names and information about people's families. And when the party's over, when people in the small world of communications law are changing jobs or "when people want to leave the commission," says a lawyer, "he's the only one they call." Wiley responds regularly by housing the homeless lawyer in the offices of his law firm, Wiley & Rein.

The roster of FCC alumni he has helped reads like a *Who's Who* of top young communications lawyers: former commissioners Stephen Sharp and Henry Rivera, both now in private practice; Willard R. Nichols, formerly Fowler's chief of staff, now Comsat's general counsel; James Hobson, once Wiley's own aide, now Washington counsel for GTE; and Rodney L. Joyce, former House aide, now the deputy assistant secretary for communications and information at the Commerce Department.

Wiley is proud to have helped make such matches. "At one point I had five big out-of-town law firms that I was sort of advising on who to get," he recalls. "I figure this: I can't get all the clients. There are going to be conflicts. Once you have GTE, you're not going to represent MCI. So why not be helpful to other folks? I know that may sound altruistic. But I enjoy it." He is quick to add: "It's a round world and if you want to look at it crassly, people find ways to remember you."

At 51, Wiley shows no signs of letting up. Although he says he doesn't stay up to midnight or later every night as he once did, he still puts in a good 12 hours at the office, and can often be found afterward talking with other attorneys at the nearby International Club or attending the requisite cocktail parties. As past president of the Federal Bar Association, present chairman of the *ABA Journal* and president of the Federal Communications Bar Association, he has more than paid his dues with bar associations. "At a lot of other firms, if you're the senior partner, your goal is to get good troops and then sit back and relax," comments former Commerce Department policymaker Bernard Wunder. "That's not Dick Wiley."

What makes Wiley run so hard? It's apparently not for material gain—at least not the visible kind. For years he drove a "crummy old Chevette with one window that can't be cranked up or down," says a law partner, R. Michael Senkowski. "He has lived in the same house in Arlington, Virginia, since he came to Washington in 1971. He's just not someone who flaunts his accomplishments."

Wiley's reluctance to slow down is easy to explain, according to the man himself: It's part unbridled enthusiasm, part fear. "It doesn't take much to motivate me," he says. "I can get excited about going to the Safeway on a Saturday morning. I have that kind of metabolism." But fear is even more significant, he says after a moment of reflection. "I didn't anticipate all of this success. So I feel like I really have to struggle to make sure it doesn't stop. I have to always feel that I've got to be out there." Besides, he likes his work. "I'm really quite happy in my life," he says. His major sorrow was the death of his youngest daughter, Kim, who collapsed suddenly seven years ago, at the age of seven, while she walked down the church aisle with the choir.

Wiley has always been driven. When he was a young lawyer in Chicago he sent

> Wiley works a party like a politician, greeting people at the door, shaking hands, always remembering names and information about people's families.

Richard Nixon's campaign a list of interested young attorneys. "The next thing I know they called me up and said, could you come down to Washington and meet with us? They offered me a job to be the director of state activities for the United Citizens for Nixon/Agnew."

Though Nixon won, Wiley returned to Chicago in disappointment, without a federal post. But a friend from the campaign ended up volunteering time in the personnel office of the White House. "Every so often he would call me up with some crazy offer—a job at the National Oceanic and Atmospheric Administration or the arms control agency," Wiley recalls. "I asked if there were any general-counsel positions open. He said, 'Well, there's something at the FCC.' I went over and met Dean Burch." The chairman hired Wiley as general counsel, then supported him for appointment to the commission 14 months later, in 1972. When Burch was called over to the embattled Nixon White House two years later, Wiley was appointed chairman.

"Many observers regard Richard E. Wiley as the most powerful chairman in recent FCC history," says prominent broadcasting attorney Erwin G. Krasnow in a recent book. Wiley put certain issues on a three-month fast track for action, and in his three and a half years as chairman—1974 to 1977—the commission produced four times as many decisions and fewer dissents than any previous term of the same length. He not only knew how to build consensus; he was blessed with philosophically compatible commissioners. For the first time since the agency's founding in 1934, all of its members were appointees of a single president.

He began loosening the FCC's tangle of regulations, shifting what he called "reregulation" into first gear; the process was accelerated further under his successors, Charles Ferris and Mark Fowler. The rules that protected the phone company from equipment competitors, for instance, seem ridiculous today. "When I first got to the FCC you still couldn't put a cover on your phone book," Wiley recalls. That would be a "foreign attachment" and therefore a threat to the entire phone network. "We began to change all that." But not fast enough for MCI and other rivals of the Bell system.

The Wiley commission also cracked down on broadcasters for fraudulent billing and phony contests, revoking five broadcast licenses—compared with only one taken back in the five years before. But some commission critics complained that licenses were taken only from small broadcasters. And Schwartzman observes that the commission left in place regulations that protected broadcasters by restricting the growth of cable TV. "It was only when Charles Ferris moved in that the commission lit the fire and approved competition to broadcasters by easing the cable rules, approving low-power television and dropping in additional television stations on channels where their signals wouldn't conflict with existing stations," says Schwartzman.

When Wiley did lean on broadcasters, in his most controversial initiative, he got burned. Late in his first year as chairman, with congressional committees pressing for action against televised sex and violence, Wiley met with top network executives and urged self-restraint. What happened next came out of the networks, he says defensively today. First CBS and then the other networks pledged that the first hour of prime time would be family viewing time. Scripts were disrupted, series uprooted and a group of producers and writers filed suit, charging that Wiley had overstepped his authority. A year later a federal judge in California said Wiley's action, with its implied threat to broadcasters who hold FCC licenses, had violated the First Amendment, but the finding was reversed on appeal. The FCC eventually found no transgressions.

"The most exciting period of my life was being at the FCC," Wiley says. "I really missed it when I left. I had the bends. I would have stayed on if Ford had been re-elected." He joined the heavyweight Chicago law firm of Kirkland & Ellis, becoming managing partner of its Washington office. On Reagan's election he considered returning to public service. Serving as head of Reagan's Justice Department transition team, he thought he had a shot at deputy attorney general, number two in the department—and was disappointed when offered the number-three post, associate attorney general, handling criminal matters. He didn't take it ("That wasn't my background") but says he'd still go back to the government for a cabinet-level job.

Fresh out of the FCC, he helped build Kirkland & Ellis's Washington office "from a 40-lawyer outpost into a 76-lawyer powerhouse," as one legal publication put it. Having started to crack the Bell system's dominance while at the FCC, Wiley retained such clients as GTE and the American Newspaper Publishers Association, ofttimes rivals of Ma Bell. Thus it was quite a setback when a senior partner in his firm's Chicago office agreed to represent a group of Bell's midwestern phone companies. Given the potential conflicts among clients, Wiley felt he had to leave. "My practice was built on the other side," he says.

Now Wiley's building the three-year-old firm that he heads along with Bert W. Rein, broadening its scope from its original interests in communications and international law. "With deregulation, there will be more deal making, more buying and selling of broadcast properties. Our job will be to help clients in a variety of different capacities," he says. "Firms that can provide a full-service practice will be better off than specialized ones." Wiley & Rein has grown to 61 lawyers, and Wiley may still be the hardest working. "I have no doubt he spends more waking hours working for the firm than anybody else," says Senkowski.

He goes after new clients so aggressively that he has earned the respect—and animosity—of competitors. "He has such a driving personality to be totally on top," complains an attorney with another firm who declines to be named. "He wants to have the whole pie. Even if there are a few stale crumbs, he doesn't want anybody else to get part of the pie."

"You'll see Wiley around this town when he's 80," predicts Gardner. "He'll be as active as he is now. When he dies, he'll still be calling back from the grave, returning those last few phone calls." ●

New Delhi Gold Rush

DISTANT SIGNALS

IN INDIA, the soporific atmosphere of state-run TV has suddenly been filled with an American-style din of sponsored programs and commercials.

by James Traub

In early July of 1984 two developments began to unfold that ushered India, ready or not, into the modern world of television. The government of the late Indira Gandhi, cranking up its propaganda machine for elections that fall, ordered a feverish campaign to increase the coverage of television signals from 23 percent to 70 percent of India's population. As new transmission towers rose literally every day, a medium that had been largely a curiosity became an immensely powerful instrument of persuasion.

Until that summer, only the ruling party—Mrs. Gandhi's Congress party—had enjoyed access to television, exploiting the medium to trumpet its successes while virtually ignoring the opposition. But on July 6, 1984, another powerful group began to discover the virtues of television—advertisers. On that date the initial episode of a new soap opera, *Hum Log*, India's tentative introduction to the commercially sponsored dramatic television series, reached the air. Though no one realized it at the time, *Hum Log* represented the opening assault in capitalism's invasion of Indian television. Now, two years later, the soporific atmosphere of state-run TV has suddenly been filled with the unruly din of "sponsored programs" and commercials. Television, at least prime time television, is increasingly in the hands of a new class of aggressive producers and advertising executives typified by Shobha Doctor, the unsinkable Bombay saleswoman who made *Hum Log* ("We Folks") possible.

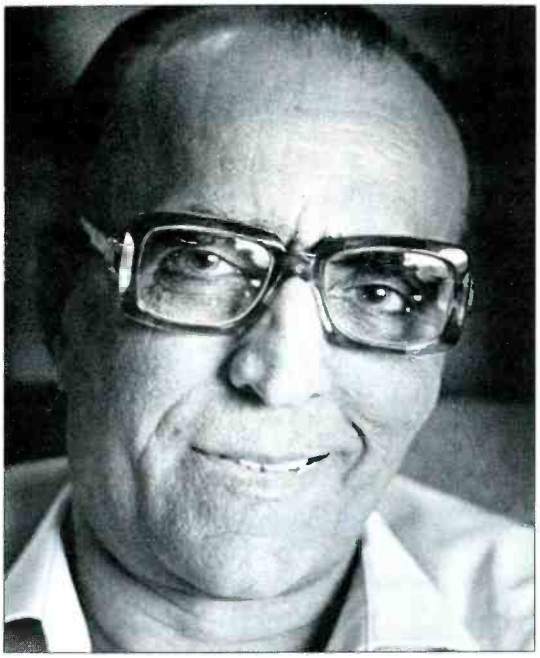
Nothing so thoroughly belies the popular image of India as a land frozen in a medieval past as this swift march into the modern age of television. And the very fact that the country imports virtually no programs argues a self-sufficiency unusual in the developing world—even in the developed world. Other young, struggling nations might be happy to rest on the laurels of modernization and economic autonomy. But India is different. Since gaining independence almost 40 years ago, India has been an example to the Third World—not always salutary—of socialism and democracy. And the fact that it seems to be evolving a television system which is neither very democratic nor very socialistic has profoundly disturbed India's many passionate democrats, and its not-so-many ardent socialists. The intelligentsia, which once envisioned TV as a medium of enlightenment for India's 600 million villagers, is disgusted. "In the fields of education and information," fumed L. K. Advani, leader of the opposition Indian People's party, in a recent article, Indian television "continues to follow religiously the partisan, propagandist model of totalitarian countries, [while] in the field of entertainment it has headed swiftly towards crass commercialism of the American variety."

The condition in which Mrs. Gandhi left the Congress party at the time of her assassination in October 1984—enormously powerful yet essentially authoritarian and intolerant—has more or less ensured that, on Indian television, free speech will be reduced to a whisper. Until the party changes, or loses power, the system is likely to remain in political bondage. But the creeping commercialization of television owes less to government supervision than to powerful forces at work in the culture. In recent years the number of Indians able to indulge in television has increased hugely, with the middle class now estimated at 100 million. Though at $325 and up television sets are very expensive by Indian standards, six million people, including factory workers and even slum dwellers, now own one. And this audience wants its money's worth. With the ascendancy of Rajiv Gandhi and the young industrialists and ad executives who constitute his circle of friends, the interests of these consumers has become a primary concern of government. According to the values of this Westernized ruling class, consumerism is not a cultural germ but the driving force of a modern economy. Under Rajiv, the government body that both regulates television and produces programs, Doordarshan, has been directed to look to the private sector.

Initially, the private sector wasn't interested—advertisers in India simply hadn't thought of television before. In the spring of 1984, S. S. Gill, then the secretary of information and broadcasting, tried to persuade someone to make an Indian version of a famous Mexican soap opera dramatizing the need for family planning. Finally he found Shobha Doctor, a fearless entrepreneur with a history of beating the state at its own game. Doctor had originally amassed a small fortune selling milk in competition with the municipal government of Bombay, and then founded a small advertising agency named Time and Space. After Gill approached her in 1984, she agreed to find a sponsor for the show. With FSL, a subsidiary of Nestlé, as the principal underwriter, *Hum Log* appeared on the air to general apathy. After eight episodes Doctor scuttled the family-planning facade and *Hum Log* became a working-class family drama. With this triumph of entertainment over instruction, *Hum Log* turned into a cult item. Condolence ads appeared in newspapers after the family matriarch died in the last of the 200-odd episodes. And Shobha Doctor, for better and for worse, became the symbol of commercial television.

"The big ad agencies never could have made *Hum Log*," says Doctor, swiveling in her seat in her makeshift office in Bombay. "These people have no grass roots; they hardly even speak Hindi. I'm a grass-roots person. I come from the vil-

James Traub, a frequent traveler to India, is a contributing editor of Channels.



Broadcasting chief S.S. Gill (left) wanted private-sector help. What he got was a triumph of entertainment over instruction, symbolized by India's leading producer, Shobha Doctor (right).

lage and I know how village people live." Indeed, Doctor typifies the new business class of Rajiv's India—bumptious and blunt, indifferent to credentials, eager for risk in a land of cautious caretakers of old family money. Short and chunky, Doctor spits out her words like cigar butts and barks into the telephone; possibly she is the first Indian woman ever to bark into telephones. Her brashness is of a virtually American order. "In any other country," she claims, rattling her big silver bangles, "I would be at the pinnacle of my success. People in America tell me somebody like me would be a cult figure there."

Today, Doctor's biggest problem may be the very competition she helped foster. After *Hum Log* whetted the audience's appetite, virtually all of India's advertisers decided simultaneously to satisfy it. And Doordarshan, which was suddenly making money charging for airtime, agreed to indulge them. In March of 1985, Gill authorized ten new sponsored shows. "That," he says proudly, "is the time when television came of age."

Almost overnight, commercial TV in India became a frenzied stampede. Once advertisers realized that millions of people would see their weekly pitch for Limca soda or Maggi noodles, they sent their advertising agencies hammering at the gates of Doordarshan. Agencies without airtime lost their clients; those that had friends in high places signed on new ones. Producers lucky enough to get airtime sell it to the highest bidder, at times demanding only a credit line on the show to go with their cash payment. Doctor herself, who has become a master at negotiating deals with producers and then steering them, by hook or by crook, through the Doordarshan bureaucracy, has managed to land six more series.

Doordarshan, to put it kindly, was not prepared for this degree of commercial madness. The agency has rationed out more and more airtime to commercial programming, so that 20 to 25 half-hour weekly series now appear, taking up about a third of available prime time hours. The three top television bureaucrats now spend several hours a day mulling over 1,500 proposals for series and specials. India's most prestigious producers sit for hours outside the office of Doordarshan director-general Harish Khanna, pleading with his secretary to get past the door. Another crowd of producers and self-appointed brokers mills around the office of controller of programs M. P. Lele every afternoon.

Sponsored television is such a guaranteed source of profit that Doordarshan might as well be handing out gold bars. The TV agency charges advertisers 70,000 rupees (less than $6,000) for the right to half an hour of airtime. Since sponsors can air up to two minutes of commercials per half hour, this works out to under $1,500 per 30-second spot—"a peanut," as producer Om Gupta puts it, for multinationals like Nestlé or Colgate who buy most of the time. "Sponsors are not particular about what you produce," says Ashok Raina, head of Independent Television (ITV), "they just want the airtime." This is why Bombay film producers, who suffer grievously when a big-budget picture bombs, have suddenly seen the virtues of television, leading to a flood of big-budget epics that may take television further down the road to all-out commercialism.

Om Gupta has just begun filming *Purvai* (*Homecoming*), a series about Indians returning home after years in Kenya which mixes Westernized personalities with obligatory pieties about the dangers of materialism, the virtues of national integration and the like. Gupta says it costs him about $6,500 to make an episode. He charges his sponsor, Hindustan Richardson (which makes, among other products, Vicks cough drops), about $16,000—a profit margin of 150 percent. "If I had more experience," says Gupta, a former journalist and playwright, "I would have been able to sell it for two and a half *lakhs* [250,000 rupees, or $20,000]." Gupta is still figuring out what to do with his windfall of $10,000 a week—an astronomical amount of money in India.

This is not what anyone had in mind 20 years ago, when India began experimenting with educational television in a spirit of profound idealism and excitement. Even the former minister S. S. Gill, reeling before the monster he helped create, suggests that it's not too late for India, like Indonesia five years ago, to ban advertisements from the screen.

But it probably is too late. The values on which free India was founded less than 40 years ago—the socialism of Jawaharlal Nehru, the simplicity and egalitarianism of Mahatma Gandhi—have lost much of their inspirational power. India no longer seems to have a separate destiny. Its citizens want to be middle class, and its middle class wants what the Americans or the Japanese have. An executive at a large Bombay advertising firm, back in India after years in the United States, fantasized about a direct satellite broadcasting channel transmitting from Nepal with "24 hours a day of *I Love Lucy* and *Starsky and Hutch* and *Charlie's Angels*." The Indian government would consider it a virtual act of war, he conceded; but it would be wildly popular. He was too Westernized to recognize the real point. In the modern, commercial society of India, *Indian* versions of *Starsky and Hutch* would be wildly popular. ●

The ideal series for pro

COVER

PERFECT FOR EARLY FRINGE RUNNING TO NEWSCASTS OR IN LATE FRINGE!

An outstanding line-up of stations from groups such as CBS O&Os, NBC O&Os, Belo, Cox, Gannett, Hearst, Post-Newsweek, and Storer...

New York **WCBS**
Los Angeles **KCBS**
Chicago **WMAQ**
Philadelphia **WCAU**
San Francisco **KRON**
Boston **WCVB**
Detroit **WXYZ**
Washington, D.C. **WJLA**
Dallas/Fort Worth **KXAS**
Cleveland **WKYC**
Houston **KPRC**

Atlanta **WAGA**
Seattle/Tacoma **KIRO**
Miami/Fort Lauderdale **WPLG**
Minneapolis **WCCO**
Denver **KUSA**
Sacramento **KXTV**
Baltimore **WNUV**
Phoenix **KTVK**
Portland, OR **KATU**
San Diego **KCST**
Orlando **WFTV**

Kansas City **KZKC**
Milwaukee **WITI**
Oklahoma City **KWTV**
Salt Lake City **KUTV**
Grand Rapids **WWMT**
Providence **WLNE**
Harrisburg **WHP**
San Antonio **KENS**
Norfolk **WAVY**
Albany, NY **WTEN**
Wichita **KAKE**

Green Bay **WXGZ**
Des Moines **KCCI**
Tucson **KPOL**
Huntsville **WAFF**
Las Vegas **KRLR**
Waco **KWTX**
Santa Barbara **KCOY**
Bakersfield **KBAK**
Abilene, TX **KTAB**
Anchorage **KTBY**
Ada Ardmore **KTEN**


Debbie Allen


Peter Allen


Photo by Dick Zimmerman
Ann Jillian


David Hasselhoff


Morgan Brittany

Cover your market with a

gramming flexibility...

STORY

ADJACENT

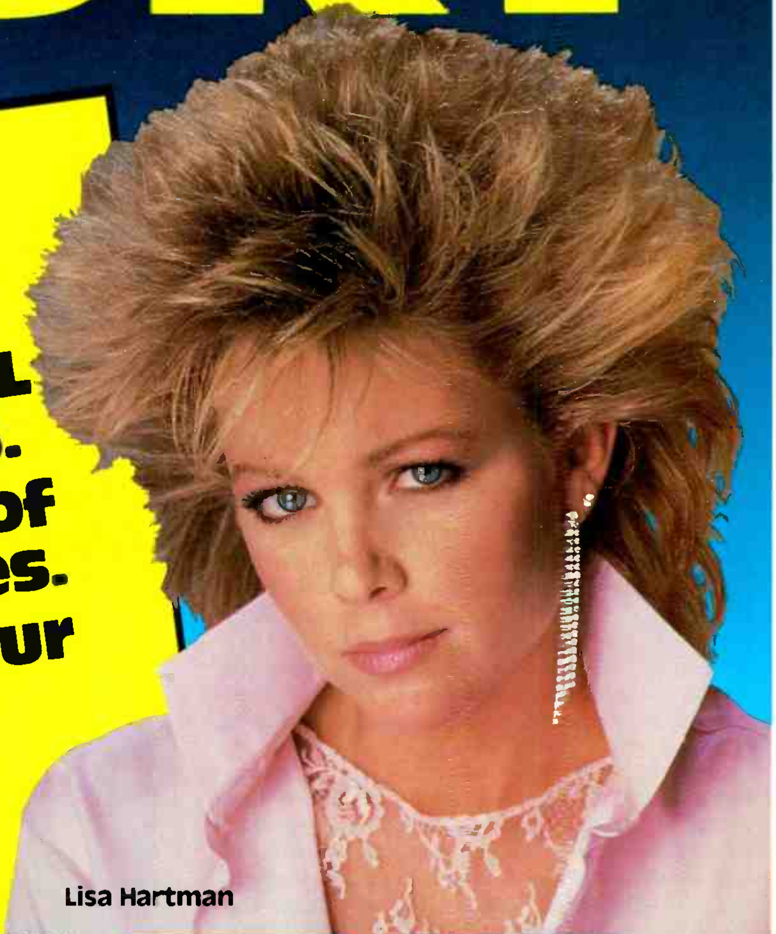
★ FIRM GO FOR SEPT. 1986!

★ CLEARED ON AFFILIATES IN ALL TOP 10 MARKETS.

★ 26 half-hours of celebrity profiles.

★ Gossip, Glamour and Laughter.

Available on an Advertiser-Supported basis.



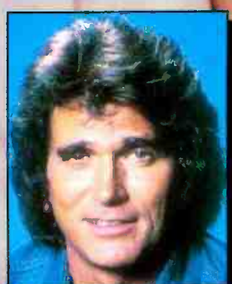
Lisa Hartman

Photo by Steve Shapiro

Jermaine Jackson

Susan Anton

Billy Crystal



Michael Landon

Howie Mandel

call to your Fries Distribution representative today.

FRIES DISTRIBUTION COMPANY
a subsidiary of Fries Entertainment Inc.

6922 Hollywood Boulevard, Los Angeles, CA 90028
(213) 466-2266 Telex: 3781675 FDC
Regional offices: New York (212) 593-2220 / Atlanta (404) 231-0119

King Mouth

A Day in the Life of a One-Man Industry

by Rudy Maxa

ON AIR The man sprawled on the couch is, uncharacteristically, quiet. He is Mr. Mouth, talk-show host Larry King, taking a break from his role as a one-man industry whose gift for gab is earning him a fortune and a reputation as America's preeminent, no-nonsense interviewer on radio and television.

King's late-night radio talk show on the Mutual Broadcasting System reaches 282 radio stations around the country. That's up from 28 stations when he started the job in 1978. His success at Mutual led to a five-night-a-week slot interviewing newsmakers and celebrities on Cable News Network. Those who miss him on television or radio can catch his act in his chatty *USA Today* column once a week on Mondays.

Add to his income the money he receives handling sports spots for NBC-TV as well as lecture fees, and King's killing pace earns him at least $600,000 annually. He lives in suburban Washington on a monthly allowance doled out by his agent, Bob Wolff of Boston. That's a prudent measure meant to keep King solvent; when he handled his own money as a radio talk-show host during his early years in Miami, King spent himself about $350,000 into debt before he declared bankruptcy. But his six-figure income today is a long way from a boyhood in Brooklyn where, as Larry Zeiger, he lived in a third-floor walkup, the son of a neighborhood bar-and-grill owner.

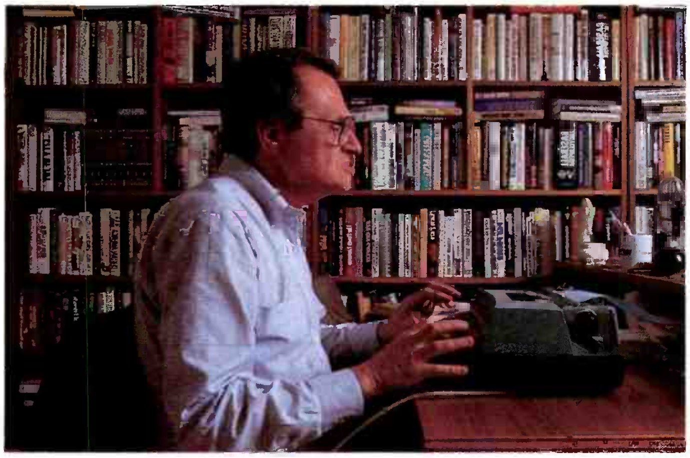
Rudy Maxa is a senior writer at Washingtonian *magazine, and has hosted his own radio talk show in Washington.*

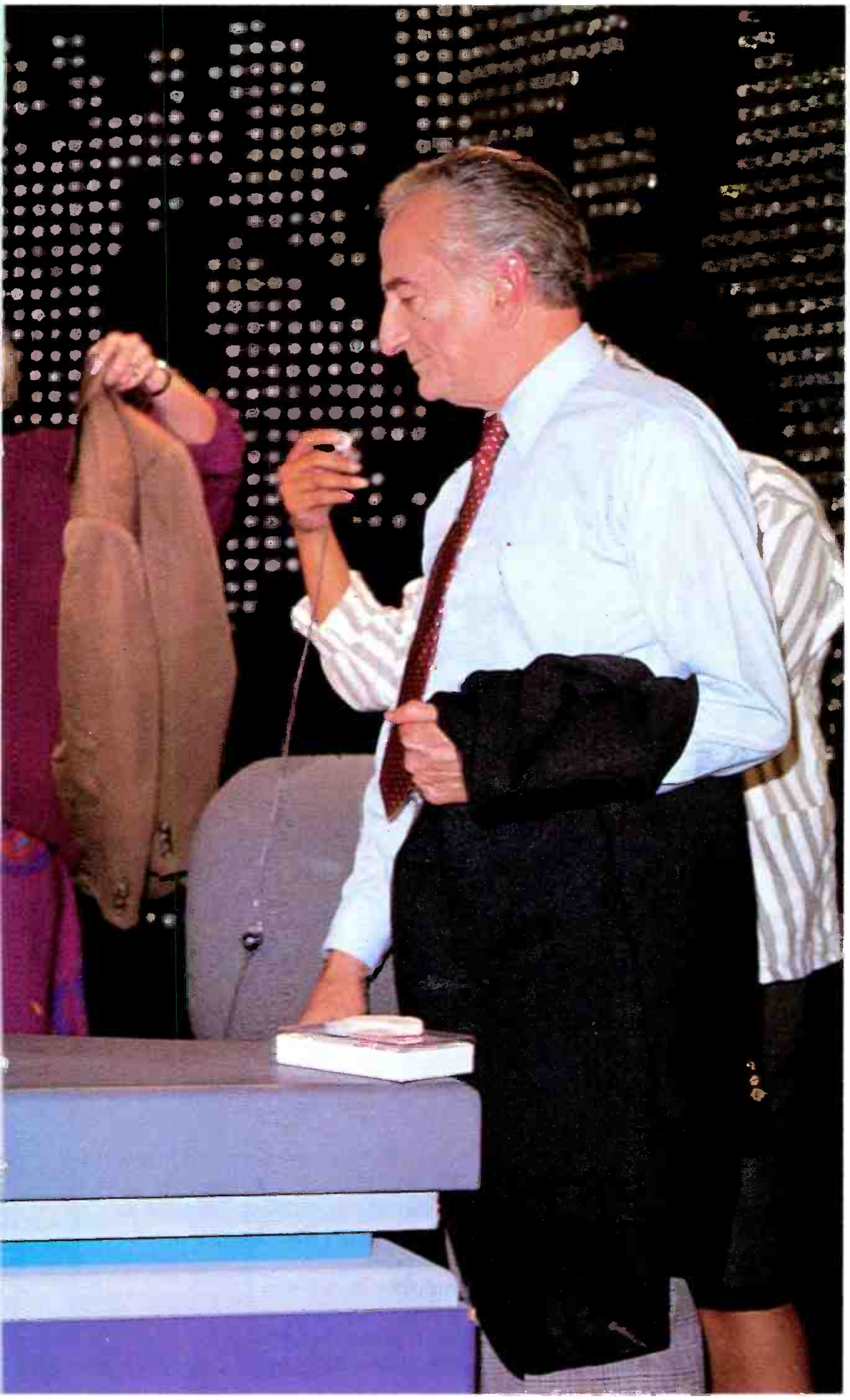
PHOTOGRAPHS BY RHODA BAER

On the sofa of his condominium in suburban Washington, King grabs some rest after lunch. He doesn't get to bed until 4 A.M. and makes up for lost sleep with catnaps during the day.


TUNTURI


NEW YORK POST
CHINA





It's not just at night, but all day long, too, that King talks for a living. During a recent day, King woke up around 9:30 A.M. to talk with a *Miami Herald* reporter interviewing him for a profile. Then he left for his regular Friday lunch at Duke Zeibert's restaurant with the producer of his Mutual radio show. In the afternoon he talked with his CNN producer, then took a nap before dining with his former wife at The Palm.

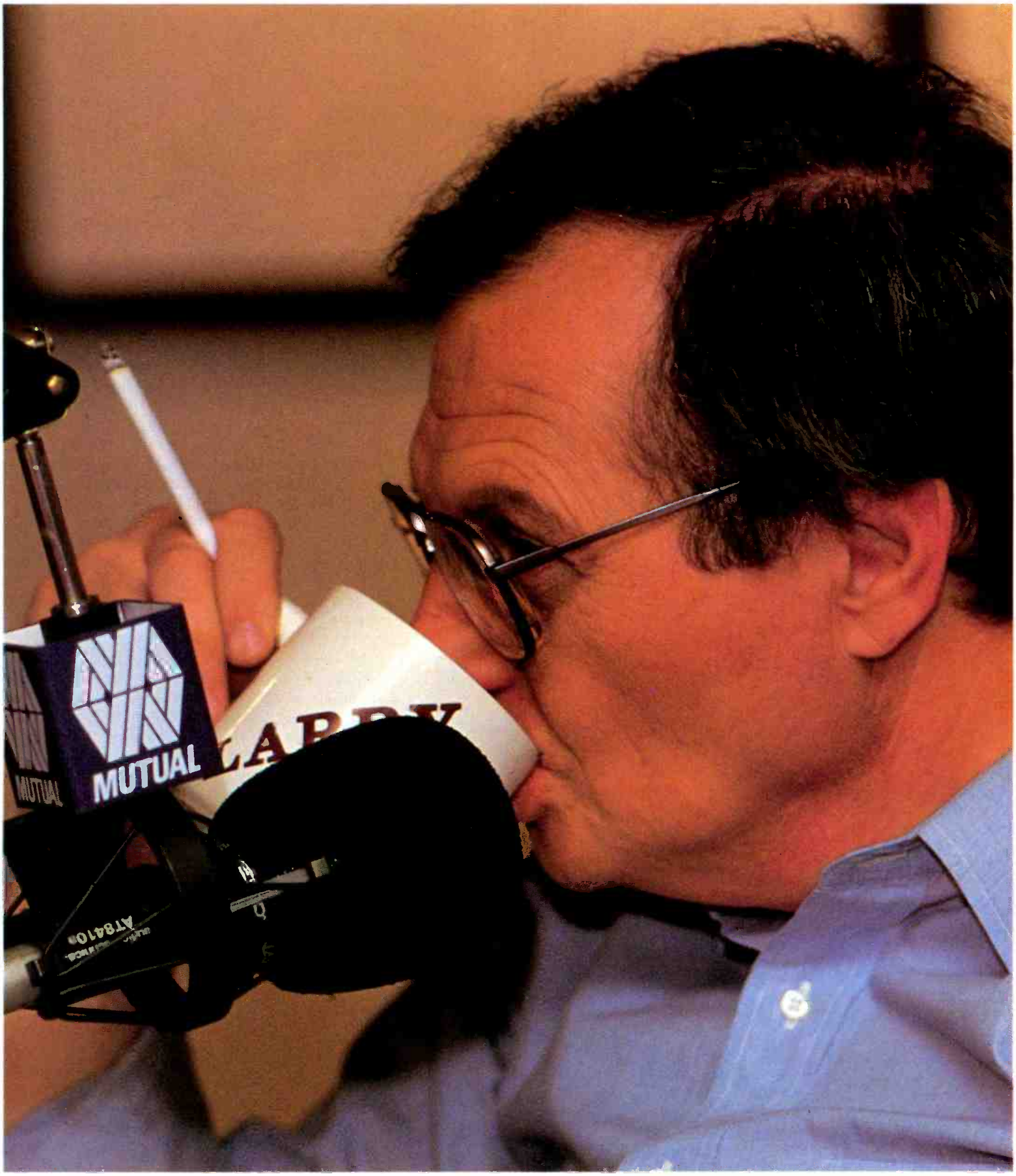
At 9 P.M. he opened his hour-long television show, discussing tax legislation with several experts, and closed with a chat with actor Bruce Dern via satellite from Los Angeles. By 11 o'clock he was behind the Mutual mike. Again the subject was taxes, and his guest was Senator Malcolm Wallop of Wyoming. Two hours with Wallop, then two hours of free-for-all with listeners, and by 3 A.M. King was done for the day.

King accomplishes all this with a minimum of preparation. He doesn't read his guests' books or interview them before going on the air live. "I haven't lost—thank God—that curiosity I had as a kid," says King in his resonant Brooklyn rasp. He relies on that curiosity to guide him naturally through an interview, working on the assumption that he'll learn along with his listeners. "I've never turned down a guest," says King. "I'm very curious about everyone."

He began in radio sweeping floors at a 250-watt Miami station and, by age 25, had his own morning talk show from Pumpernik's restaurant. His quick success at Mutual proved a late-night call-in show need not be filled with psychics as guests and crazies as callers. The ideal guest, he says, has "the ability to explain what he does, a passion for what he's about, a sense of humor and a chip on his shoulder—which is why Frank Sinatra is such a good guest."

King also considers himself the perfect talk-show guest. His personality is the same on- and off-air—engaging, quick, sarcastic and sometimes a little bit cranky (note that pugnacious lower lip). He has become an industry success without the aid of the Big Three networks, and if there is a little of the "I did it my way" in his demeanor, he's earned it.

On the set of his Cable News Network show (left), King's guests are wired for sound. King gets his heart pumping every morning on an exercise bike (top left). At lunch, he shares a newspaper story with restaurateur Duke Zeibert, and then he types out his *USA Today* column (center). King and ex-wife Sharon (top right), a program administrator with NBC's reconstituted magazine, *1986*, often dine together.



King's best friends during his 11 P.M.-to-3 A.M. Mutual radio show are cigarettes and coffee.

King's day ends in the quiet of a 12th-floor Mutual studio in Arlington, Virginia. Lights on 14 telephone lines blink as callers from Wyoming to Long Island wait to get on the air. No calls are screened—though he does work with a seven-second delay. Callers talk on their own dime—no toll-free numbers here.

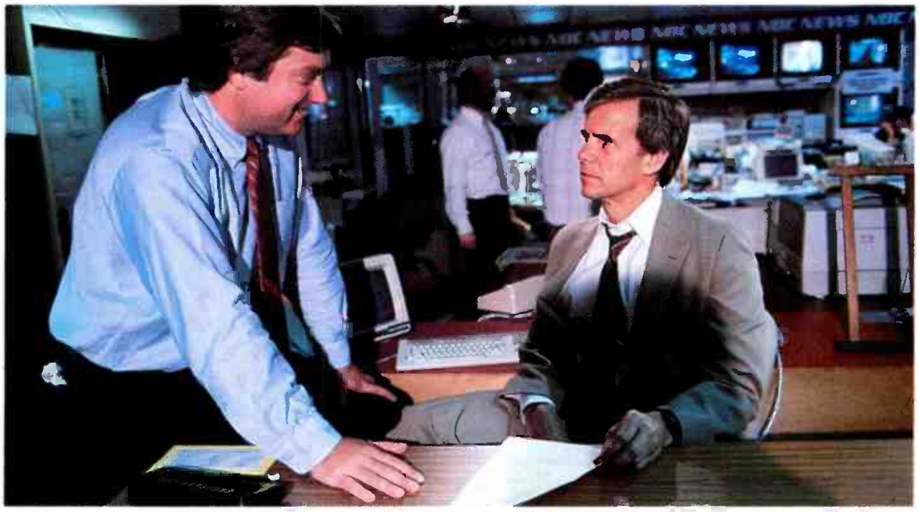
King's fans know where he stands. He roots for the Orioles in baseball, the Dolphins in football. He bets only on horses and only occasionally because slow horses, fast women and high living were his ruination in an earlier life. And if there is no one more fanatic about smoking than an ex-smoker, listeners should prepare for a King crusade. The cigarette smoke that often obscures his face in portraits is about to disappear, says King, who is set to slay his two-packs-a-day habit. Which should free his mouth for even more talking.

ON AIR

Russerting the News

Is getting the Pope to pray with NBC just network PR? No, says the promoter who pulled it off. It's called getting a scoop.

by Laurence Zuckerman



News vice president Tim Russert confers with anchor Tom Brokaw in the NBC newsroom.

It was a Monday afternoon in mid-May, and CIA director William Casey was on the line, waiting to talk with someone in charge at NBC News. Network news president Lawrence Grossman was out, and NBC vice president Timothy J. Russert was in Tom Brokaw's office, discussing the story lineup for the evening news broadcast. When a secretary interrupted and told them that a fuming, impatient CIA director was on hold, Russert smiled and calmly stepped down the hall to his office.

Russert had been expecting Casey's call all day and, in a sense, the director couldn't have called at a better time. Over the past six weeks, NBC News had received an extraordinary amount of publicity, and now the nation's chief spook was about to give them more. First, in April, the *NBC Nightly News* had surged in the Nielsens and tied first-place CBS for the first time in four years. In early May, NBC News found itself in the middle of a furious national debate following its broadcast of an interview with Mohammed Abbas, the suspected mastermind behind the October 1985 hijacking of the *Achille Lauro* cruise ship, which it had secured after promising not to reveal the terrorist's whereabouts.

Then, just that morning, Russert had learned from several well-placed friends in the national media—ABC News president Roone Arledge, Eleanor Randolph of *The Washington Post*, an AP reporter—that the CIA's Casey was livid over a report aired only hours before on NBC's *Today* show. That report, a routine intelligence story by NBC correspondent James Polk, stated that Ronald W. Pelton, a former American intelligence employee being tried on espionage charges, had provided the Soviets with information on a U.S. operation code-named "Ivy Bells," which involved eavesdropping by American submarines on Soviet communications. Now Casey was threatening to refer NBC's actions to the Justice Department for prosecution, on the grounds that the network had violated an obscure federal statute prohibiting disclosure of intercepted intelligence messages.

Over the past week, Casey had made similar threats against *The Washington Post* and other news organizations covering the Pelton case, but Justice Department attorneys were skeptical of his claims and in no mood to prosecute NBC or anyone else. (The Soviet news agency Tass, of all sources, had originally broken the Ivy Bells story back in the 1960s, and both *The New York Times* and *The Washington Post* had published reports on submarine surveillance since then.) Casey, in short, was on a fishing expedition. But if the Reagan administration was going to be maladroit enough to go public with the charges, assuring NBC another week of publicity, Russert certainly wasn't going to discourage the effort.

After the call was put through, Russert listened patiently as Casey read him the riot act. He asked Casey a couple of questions, and then he thanked the director for phoning.

"We do appreciate the courtesy," Russert said before hanging up. "We've been hearing about this all day from all over

Laurence Zuckerman is the associate editor of the Columbia Journalism Review.

PHOTOGRAPHS BY HERB GORO

When Senator Gary Hart put together his presidential campaign, he pleaded with his staff, "Get me a Russert."

the country—but of course you already know that."

Casey didn't sound amused. "Ah, well . . . We thought it best to let them know too."

Russert returned to Brokaw's office and shared the news. "We couldn't believe it," a jubilant Russert recalled a few days later. "Casey had just taken a story seen by nine million people on *Today* and guaranteed us an audience of 100 million."

Two hours later, Brokaw duly reported the latest crisis in the network's Washington relations on the *NBC Nightly News*, and CBS and ABC also carried the story that night. Newspapers across the country ran it prominently the next day. For the second week in a row, NBC was at the center of national events, watched not only for delivering the news but for *making* it as well.

In the 18 months since Lawrence Grossman plucked him from the office of New York Governor Mario Cuomo and made him, at the age of 34, perhaps the youngest news vice president in network history, Timothy Russert has handled many calls like that, and been instrumental in raising the profile of NBC. From the outset, Grossman had expected nothing less. By the summer of 1984, when the two men were introduced by Washington insider Leonard Garment, Russert had already compiled a record unique in the political annals of his generation. The son of a Buffalo, New York, truck driver, Russert had parlayed an early interest in politics into service under two of the Democratic party's most interesting and provocative politicians, Cuomo and Senator Daniel Patrick Moynihan, and won easy access to the highest reaches of Washington power. As Moynihan's chief of staff, Russert was widely regarded as perhaps Capitol Hill's most effective political operator—*The Washington Post*'s David Broder called him "one of the best" in the business. And it was Russert, as counselor to Governor Cuomo, who helped choreograph Cuomo's spellbinding address at the 1984 Democratic national convention, a speech that instantly made him a front-runner for the Democratic presidential nomination in 1988.

Quite beyond his obvious promotional skills, Russert was attractive to Grossman for another reason. Among politicians and members of the national press corps, Russert was a living legend. An affable, stocky six-footer with beefy jowls and dancing blue eyes, Russert was particularly suited to the chameleon environment of politics—equally at home at American Legion halls or the Senate dining room. His memory for a face or a byline was encyclopedic. Reporters and politicians just *liked* him, and by 1984 his reputation had grown to the point where his very name had entered the political lexicon.

After Russert had destroyed the candidacy of Moynihan's Republican challenger in 1982 by leaking information that his military record was bogus, "Russerting" a candidate came to mean a certain ability to vanquish the opposition without a trace. And in 1983, when Senator Gary Hart was piecing together his presidential campaign, he pleaded to his staff, "Get me a Russert!"

When Russert joined NBC in October 1984, Grossman's mandate to his new protégé was abundantly clear. Before Russert, Grossman says, "there was a real need for someone to be responsible for our promotion and advertising." NBC News, in fact, was a moribund operation without a clear focus or image. For the past two years its ratings had usually lagged behind CBS and ABC, its staff was demoralized and anchor Brokaw had not yet reached his stride. On his first day of work Russert handed Grossman a newspaper story reporting the results of a recent Media General-AP poll showing that only 19 percent of respondents identified NBC as the network to turn to for breaking news, compared with 30 percent for CBS and ABC. "Gee, that's not good," Grossman said. "But that's why we're here."

Russerting the *NBC Nightly News* meant taking an essentially sound news operation and gussying it up. New promotional spots and advertising were needed, a stronger sense of style and intensity had to be instilled and, most important, staff morale had to be revived.

Russert has certainly achieved this agenda for NBC, but there's more at stake here than the fortunes of a single network or news executive. Russert typifies an entirely new generation of news executives. In the past, the three networks tended to fill their top posts with hard-news journalists, but that tradition is fast disappearing. Grossman, for instance, is a former adman and PBS president with no prior experience in a newsroom. And at ABC, news president Roone Arledge and his second in command, executive vice president David Burke, also have backgrounds outside

television news. Arledge built his network career in sports programming, and Burke, a former chief of staff for Senator Ted Kennedy and secretary to New York Governor Hugh Carey, has a background remarkably similar to Russert's. That leaves CBS as the only network with an experienced journalist—Van Gordon Sauter—in charge of the news operation.

These changes at the top signal an important shift of emphasis for network news. To the networks, promoting their news shows now seems almost as important as reporting the news itself. While it's undeniable that the Grossman-Russert regime has produced a vastly improved news show, many staffers worry about the blurred identity presented by the new NBC. "It's very important to have a promoter, but there has to be a balance," says one veteran NBC producer. "The two top guys here are promoters,

Russert works the phones all day in his NBC offices, promoting the news as he once promoted political candidates. Inset: Chatting with Jane Pauley and Bryant Gumbel on the *Today* show set.

not newspapermen, and that's a problem right now for us."

Grossman had already made many cosmetic changes at the *Nightly News* before Russert arrived. The animated logo of NBC was redesigned with the Statue of Liberty as a backdrop and new theme music was written by *Star Wars* composer John Williams. Editorially, Grossman was encouraging a thematic approach to the news. By periodically focusing the entire news division on specific topics—the latest developments at the Vatican, U.S.-Soviet relations, illegal aliens—subjects could be covered in greater depth and viewers would be drawn from one news program to the next.

Russert's contribution was to break down the old barriers between the entertainment and news sides. Under Grant Tinker, NBC's entertainment programming was flourishing, and Russert felt that could be used to everyone's advantage. "I had a sense that the news division should share in the success of the network," Russert recalls. "If we had the quality programming, we shouldn't be afraid about telling people that." Bill Cosby was drafted to plug the news division, and Russert rustled up more airtime for in-house promotional spots.

One of these promotional campaigns backfired on NBC. In October 1984, the *Nightly News* rebroadcast a heart-wrenching BBC report about victims of the African drought. Hundreds of viewers wrote the network and offered donations. Grossman and Russert immediately ordered up a series of spots and newspaper ads that, beneath a picture of a starving child, glorified NBC's role in African relief. Like the other networks, NBC had ignored the drought for months, and now it was claiming credit for discovering the story, cashing in on American sympathy for the drought victims. ABC's Roone Arledge called the NBC campaign "shameless."

Russert's first major coup was an Easter assault on the Vatican of John Paul II. Following successful *Today* show and *Nightly News* broadcasts from Moscow, Russert persuaded Grossman and *Today* executive producer Steve Friedman that he could "get" the Pope during Holy Week, 1985. Russert, a former altar boy and still a practicing Catholic, soon

DAVID JENNINGS

Before he joined NBC, Russert served Moynihan and Cuomo, shown here in Albany, N.Y., in 1984.

learned that faith alone did not move mountains for NBC. Two trips to Rome and several failed attempts with alleged papal emissaries didn't get him past the basilica hot-dog stands. Finally, Russert decided to approach John Paul's favorite American prelate, John Cardinal Krol, the archbishop of Philadelphia.

When they met in Philadelphia, Russert promised the archbishop that there was something for everybody in the deal. If NBC could broadcast from the Vatican, millions of Americans would be able to see the Pope during Holy Week, and the network would even consider flying Krol's beloved Boys' Choir over for the broadcast. Then Russert handed Krol the ecclesiastical clincher—a letter, translated into Polish by NBC's Warsaw bureau, asking the Pope for "an opportunity to pray with you."

Sure enough, on the Wednesday before Holy Week, *Today* signed off with a message from John Paul, welcoming NBC to the Vatican. On Monday *Today* opened with tape excerpts from a private Mass at the Vatican attended by the show's cast and crew. Krol's Boys' Choir sang the hymns. Afterward, *Today* hosts Jane Pauley and Bryant Gumbel were shown greeting the Pope with a gift basket flown in from Poland by NBC. "From Warsaw?" said the Pope. "You brought that from Warsaw?" Russert presented an available cardinal with a red baseball cap. The Pope got a white one. As the Pontiff and his entourage receded, an exuberant Russert called after him: "Viva Papa!"

Gumbel and Pauley, of course, never got to sit down with the Pope for an interview—but that wasn't the point. This wasn't news, it was a well-executed scheme to bring the Pope before Americans at Easter and promote NBC at the same time. *Today*'s ratings went through the roof, and Russert returned from Rome to a desk piled high with newspaper clips about the network's coverage.

Next to Grossman, no one has more influence on the direction and tone of NBC News than Tim Russert. Russert participates in all high-level strategy sessions, sits on the news division's editorial board, supervises the division's special election and polling unit and is coordinating NBC's coverage of the 1988 Olympics in Seoul. Russert also plays a major role in NBC's *Meet the Press*. "Tim has a real sense for when a story's about to bloom," says executive producer Barbara Cohen. "He always knows who is willing to talk, and why." Cohen and Russert talk on the phone every day, sometimes four or five times, and Russert's political contacts have paid off handsomely for the show. In December 1985 *Meet the Press* carried House Speaker Tip O'Neill's first Sunday interview in two years, and the show also ran the last interview with Ferdinand Marcos before he fled the Philippines.

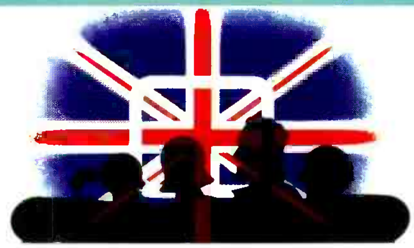
Russert is particularly keen on the exclusive interview. His tenacity and charm have often given NBC the edge in securing important guests, but Russert also displays a weakness for arranging "soft" interviews with celebrities and politicians that sabotage the reputations of his anchors. Many network staffers were dismayed last winter, for instance, when Brokaw hosted a kitschy Christmas special with Nancy Reagan. In January, Brokaw conducted an amiable—and thoroughly forgettable—interview with President Reagan himself, just before the network's Super Bowl broadcast. Russert is still defensive. "Look, it was six minutes in a thousand hours of programming."

Russert bristles at suggestions, usually leveled by executives at rival networks, that he lacks sound news judgment, and that his promotional efforts are just the recycled techniques of a clever political stuntman. "Getting the Pope or the President, is that public relations? No, it's called being a good reporter, it's called getting a scoop. Ultimately, the most important thing is quality. If your promotion is in conflict with what people know the reality to be, you lose credibility. But that hasn't happened around here."

Given Russert's exceptional gifts and high ambition, people who know him are already speculating about what he'll do after NBC. Conveniently, Russert's three-year contract with the network expires in the fall of 1987, just as the 1988 presidential campaign begins in earnest. Any number of Democratic politicians will surely be wooing him for 1988, and beyond. "I can't imagine that Tim will not be back in public life in some way," says Pat Moynihan.

Russert insists that he's enjoying the stable family life with his wife, Maureen Orth, and their son, Luke, too much to return to the whirlwind of politics. "My next and last political campaign will be in 2020," he says. "That's the year that Luke Orth Russert will be 35 and ready for the White House." Don't bet on it. This is the altar boy-turned-network promoter who "prayed" with the Pope at Easter to boost his ratings, and got away with it before an audience of millions. ●

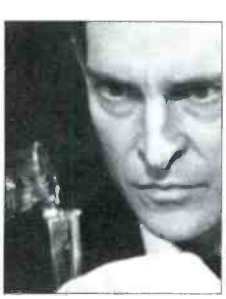
FOCUS



UKTV

A Baedeker to British Television

Domestic comedies such as *Three Up, Two Down* round out the BBC's schedule.



Granada TV's hit, *The Return of Sherlock Holmes*, gets its chance in America next February.

ILLUSTRATION BY JAVIAR ROMERO

FOR THOSE ACCUSTOMED to the American way of broadcasting, a tour of the British realm can be as strange and as interesting as traveling in foreign lands in the 19th century, when Karl Baedeker was issuing his famous guidebooks. That is particularly true today, for all around British broadcasting there is evidence of change in the offing—change of special interest to Americans because within a matter of a few years, British television could be remade in the image of the American system.

Earlier this year, for instance, BBC-TV ran what may have been its first commercials. In one of them, the comedian John Cleese staggers into a pub and demands that the bartender tell him what the BBC has ever *done for him* to warrant the annual television tax he has to pay. And every patron in the place, sober or otherwise, pipes up with his or her favorite kind of program on the Beeb.

The BBC is blowing its own horn because the whole idea of public-service broadcasting is suddenly, in the 1980s, on the defensive, scorned by the free-market economics now riding high and made to seem redundant by the tantalizing possibilities of new video media. The BBC could be forced to accept advertising or even be broken into pieces and sold off. Its day of reckoning may be delayed, however. The government's latest ad hoc committee on broadcasting recently recommended that the BBC's licensee-fee funding be continued for at least ten years.

A powerful emotional argument for the BBC is that it is an integral part of the country's cultural bulwark against what some British call "wall-to-wall *Dallas*" and others decry as "Canadianization." They've seen how Canada has absorbed U.S. mass culture and they fear the loss of Britain's identity as America's goes multinational.

But an even stronger factor, perhaps the salvation of the present British system, is the license fee, now $89 per color TV set. The license fees not only fund the two BBC-TV channels (and BBC radio), they also protect broadcast TV from competing new media. Since the viewers already pay so much for television, it seems improbable that many would pay additionally for cable, and so far, that has been true. Unable to afford programming that would draw subscribers, cable isn't simply in the doldrums; it has yet to really get going. Likewise, direct broadcasting from sat-

BBC news-crew member at the front.

American football has found its way onto the British tube.

FOCUS

Barry Evans stars in London Weekend Television's sitcom *Mind Your Language.*

ellites (DBS) has yet to begin and remains an unknown.

Viewers, however, have not been as resistant to the videocassette recorder. Nearly every other British home has one. And the highly centralized telecommunications industry has helped teletext take off in Britain while it languishes in the States.

In other ways as well, Americans might regard British television as a creature from the other side of the looking glass. In the U.S., commercial television had a 20-year head start over PBS, but the reverse is true in Britain. The noncommercial British Broadcasting Corporation started the world's first regular (though very limited) TV service in 1936, and its commercial-network rival didn't get going until 1955.

The previous year Parliament created the Independent Television Authority to launch commercial TV. But while it does operate the transmitters and oversee commercial TV, ITA chose to farm out the program decisions and advertising sales to a family of regional companies that hold monopoly franchises for eight-year terms. That was the start of ITV (Independent Television), an alliance of 16 independently owned companies. With the inception in the early '70s of commercial local radio, the ITA duly changed its name to the Independent Broadcasting Authority.

Both the BBC and commercial television have added second channels—the noncommercial BBC-2 in 1964 and, in 1982, Channel Four, which gave the ITV companies a second channel on which to sell advertising.

While the setup may sound haphazard, the British cherish having one broadcast group funded by taxes and another network supported by regional advertising monopolies. The two never compete for advertising revenues. While they watch their ratings closely, the cozy duopoly has a gentleman's agreement not to disturb the nearly even commercial/noncommercial shares of the audience. Theoretically, then, the BBC and ITV are left to compete largely on the basis of quality.

The theory frequently proves out, as readers will be reminded in this latter-day Baedeker prepared by *Channels* staff members and contributors. ●

Jeremy Isaacs, Channel Four's chief executive and the force behind the operation.

Vanessa Redgrave stars in Channel Four's film *Wetherby.*

FRIDAY NIGHT IN LONDON TOWN

BBC-1

5:35 The Flintstones. Fred is hoping for a big win on the tables in Rock Vegas.

6:00 News, weather.
6:35 Regional news magazines.

7:00 Wogan. Guests tonight are Sir Garfield Sobers, legendary cricketer Ian Dury, former Master of the Rolls Lord Denning and music from Jimmie Ruffin and Heaven 17.
7:40 I've Got a Secret. Panel attempts to guess unusual secrets of five contestants.

8:10 Dynasty. Dex, fed up with the way Alexis is acting, gets drunk and falls prey to another's romantic advances.

9:00 News at Nine, regional news.
9:30 Video Juke Box. Rock extravaganza looking at every angle of promotional rock videos. Interviews with directors, animators and top pop stars such as Mick Jagger.

BBC-2

5:25 News, weather.
5:30 Goin' Places. Drag racing near York.

6:00 Film: Visit to a Chief's Son (1974). A white boy's friendship with the son of a Masai chief.

7:25 Cartoon Two.
7:35 House and Home. The Georgian terrace houses in Islington, once neglected, are in great demand.

8:00 Orchestra. Jane Glover's presentation of the evolution of modern symphony orchestras.

9:00 Your Life in Their Hands. The remarkable story of the separation of the Reich Siamese twins.
9:50 Did You See . . .? King of the Ghetto, First Tuesday and Gallery.

10:35 Newsnight, weather.
11:25 The Lords This Week. Report on the week's debates in the House of Lords.

12:05 Film: Riot in Cell Block II (1954). Three convicts seize their guards and barricade themselves in their block. With Neville Brand.

ITV (London area)

5:15 Horses for Courses. Veronica Charlwood visits the Fortune Centre in Dorset, and Mike meets youngsters at the British racing school.
5:45 News.
6:00 The 6 O'Clock Show.

7:00 Me & My Girl. Simon refuses to allow Samantha to have her ears pierced.
7:30 Murder She Wrote. Jessica investigates a murder that involves her niece, a young jockey.

8:30 Home to Roost. Henry is planning a romantic evening and Matthew is anxious to find out who he is entertaining.

9:00 Auf Wiedersehen, Pet. Business seems to be bad for Ally, and he lets Dennis sort it out. Hazel and Brenda are chatted up by Prince Massimo and his friend, and they accept a trip on a yacht.

10:00 News at Ten.
10:30 The London Programme. Escalating house prices are crippling the market.

11:00 South of Watford. Ivor Cutler, performer on London's fringe circuit.
11:30 Shoot Pool! Mike Casey vs. Maltese Joe Barbara.
12:30 Hawaii Five-O.

Channel Four

5:00 Car 54, Where Are You?
5:30 The Chart Show. The sharpest hit list.

6:15 Revid. The latest video releases.
6:30 Solid Soul. Guests include Billy Ocean, Joyce Sims.

7:00 Channel Four News, weather.
7:50 Book Choice. Timothy Garton Ash discusses *The Artful Albanian*, memoirs of Enver Hoxha, Stalinist dictator of Albania for 40 years.

8:00 What the Papers Say.
8:15 Bandung File.

9:00 The Cosby Show. Rudy joins the local football team.
9:30 The Great Plant Collection. Bodnant Gardens in North Wales.

10:00 Cheers.
10:30 Well Being. A young family and pensioners coping with insufficient money and cold, damp houses.

11:15 Film: Killer of Sheep (1978). Documentary-drama of one man's struggle to retain his sense of dignity in the black ghetto of Los Angeles.
12:45 Film: Blues Like Showers of Rain (1970). The roots of country blues.

BBC

The Old Curiosity Shop

Widely copied, never cloned, the venerable Beeb is on the defensive.

WORLDWIDE, probably no set of broadcasting initials is better known or more respected than BBC. Through its popular shortwave radio service, the company enjoys an unmatched reputation for journalistic objectivity while its domestic TV service is the object of affection among critics, ordinary viewers and broadcast professionals around the globe. What the BBC pumps out to the folks at home isn't uniformly superb, of course. But the quality quotient is impressively high.

It was the British, by virtue of a paternalistic tradition, who invented public-service broadcasting almost six decades ago, with a commitment "to educate, to entertain and to inform." Those objectives were laid down early on by the company's first chief executive, the late John Reith. After a visit to America to observe how its infant medium of radio was faring, he declared that broadcasting should not be "an end in itself," but should be dedicated "to the service of humanity in its fullest sense." More than mere lofty sentiment, it was the expression of a cultural attitude that continues to distinguish British broadcasting. The BBC has been widely copied but never cloned, and the simple reason seems to be Britain's singular culture.

Today's BBC is Britain's most influential media organization, encompassing four national radio channels, a chain of more than 30 local radio stations and a two-channel television division that this year marks its 50th anniversary. The BBC began nightly TV service in the London area, the world's first, on November 2, 1936. Initially it alternated each evening between John Logie Baird's 240-line mechanical system and the Marconi 405-line electronic system. After a short time, it went exclusively with the Marconi standard and later switched to the German-developed, 625-line PAL system. In 1964 it started a second channel, BBC-2, which carries programs for narrower (often upscale) audiences.

Since Reith's time, when the whole BBC was housed under one roof, the company has become a sprawling empire that occasionally exhibits a fully developed bureaucratic mentality. The BBC's corporate and radio division headquarters (GHQ) occupy a 1930s art deco building in central London, atop which Edward R. Murrow observed the wartime blitz for CBS. GHQ is the base for the company's topmost hierarch, director-general Alasdair Milne, as well as radio department chieftain Brian Wenham, who until recently was BBC

Cast of the BBC's *Three Up, Two Down*: Known for quality public-service programming, the BBC also produces hit sitcoms.

UKTV

A BBC crew in El Salvador covering a story for *The Nine O'Clock News.*

television program director.

The television division is headquartered in its own six-story, labyrinthine circular plant at Shepherd's Bush on London's west side. Key executives based there include divisional managing director Bill Cotton and network controllers Michael Grade (in charge of the mass-audience BBC-1 network) and Graeme McDonald (the narrow-interest BBC-2). The company also has publishing, recording and home video units, all of which operate under a wholly owned commercial subsidiary, BBC Enterprises, currently headed by deputy director-general Michael Checkland.

Around London, the BBC has dozens of radio and TV studios with seating for audiences, and other production facilities including the famous old Ealing studios, which produced such movie classics as *The Lavender Hill Mob* and *Kind Hearts and Coronets*. There are also regional production centers in such cities as Birmingham, Edinburgh, Norwich and Bristol, home base for the renowned natural history unit that produced, among other shows, David Attenborough's Emmy-winning *Life on Earth* series. Outlying centers also produce regional newscasts, sports coverage and other programs that fill designated "regional opt-out" slots in the schedule, which is otherwise identical across the country.

The BBC runs its flagship national news program on BBC-1 at 9 P.M. (appropriately, for *The Nine O'Clock News*), and the other channels counterprogram their national newscasts at other hours. The BBC-2, for example, carries its *Newsnight*, based on interviews and minidocumentaries, at a varying hour, beginning around 10:30 or 11 P.M. The commercial ITV network has its *News at 10* and the new Channel Four has *The Channel Four News* at 7 P.M.

The BBC's main source of income, the annual $89 license fee charged to TV set owners, will bring in around a billion dollars this year. Relatively stable for many years, the fee has been tied to the inflation rate since the war and is now at the heart of a politically inspired national debate over alternative ways of financing the company. The best bet, sooner or later, is that the BBC will be compelled to sell a limited amount of airtime (as most European broadcasters do) to supplement revenue from the license fee.

The BBC, naturally, opposes any such idea, and it isn't alone. So do the broadcast unions. And so does the commercial TV sector. That's no surprise since each ITV station has a vested interest in retaining its monopoly on advertising in its region. ITV executives argue that there wouldn't be enough ad revenue to go around if the BBC went commercial too, and both sides would be forced to sacrifice program quality in sharper competition for ratings. ●

WHAT THE BBC PUMPS OUT TO THE FOLKS AT HOME ISN'T UNIFORMLY SUPERB, OF COURSE. BUT THE QUALITY QUOTIENT IS IMPRESSIVELY HIGH.

The BBC's biggest export has been its nuclear war drama *Threads*, which aired on WTBS and then on 60 other stations.

FOCUS

COMMERCIAL TV

Dividing the Spoils

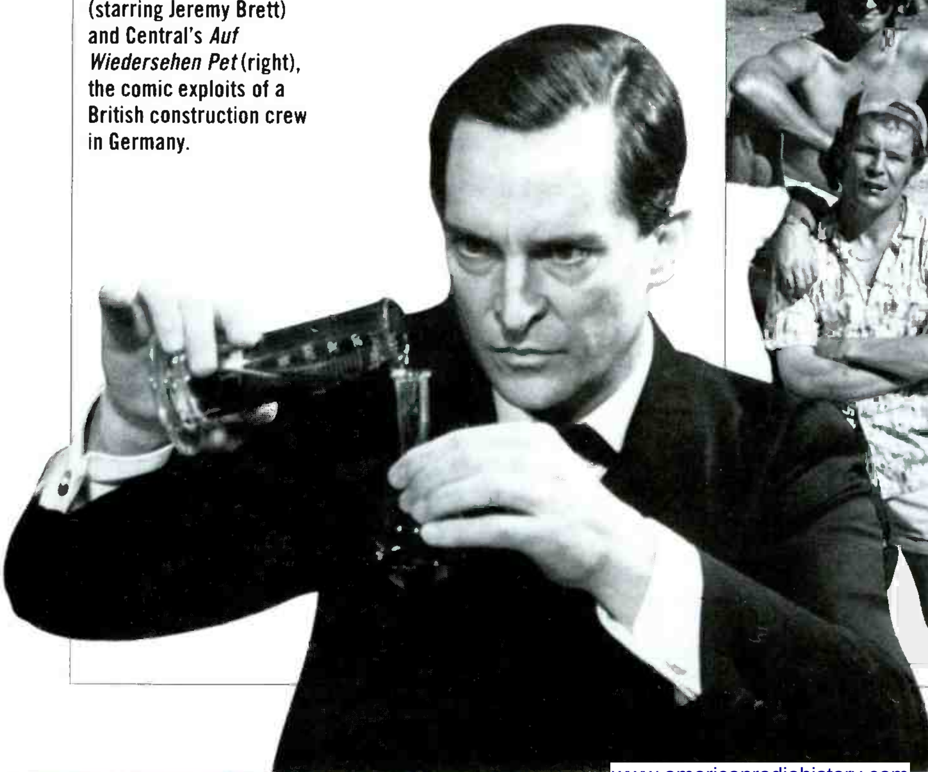
From the Highlands to Dover, ITV stations command regional ad monopolies.

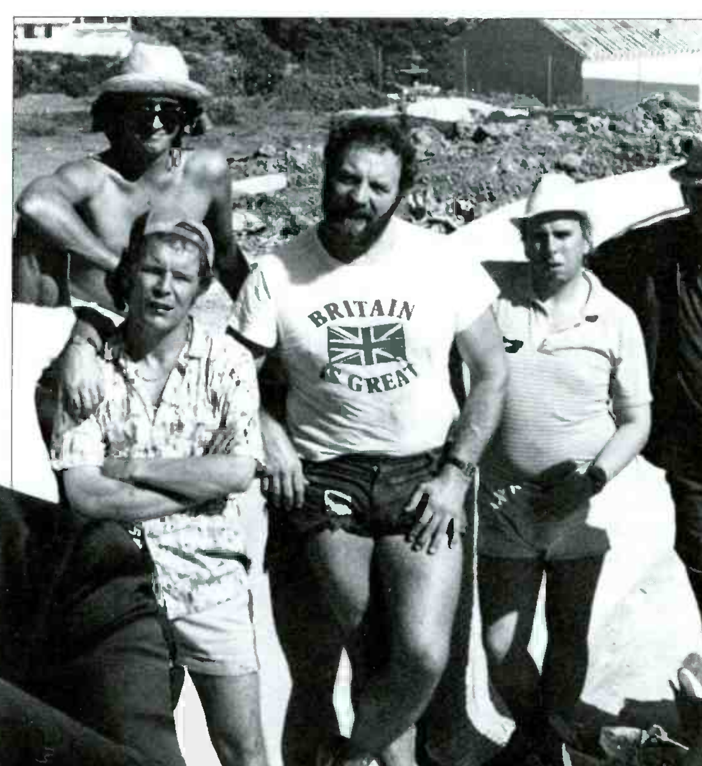
GAINING authority to use the airwaves in the U.S. is a snap compared with the U.K. All it usually takes is money. TV and radio licenses in the U.S. change hands as easily as real estate, and while FCC approval is needed, it's usually routine.

But in Britain, where the sanctity of the airwaves has always been revered, broadcast companies cannot be easily swallowed up. The Rank Organization, a diversified British entertainment company, learned that recently when its bid to acquire Granada Television was rebuffed, first by the regulating authorities and then by the courts. Rank was thwarted for reasons its management should have expected, namely the regulators' determination to oppose license-swapping on the open market or by way of merger. If Rank still wants a TV property, then, like anyone else, it will have to submit its bona fides and operating proposals the next time the franchises come up for grabs in 1989.

Granada, based in the mercantile center of Manchester, about 200 miles north of London, is one of 15 regional broadcasters that constitute the ITV (for Independent Television) network, which covers the country from the Channel Islands to the Shetlands to Northern Ireland. (A 16th licensee, known as TV-AM, was created two years ago for the sole purpose of producing ITV's daily wake-up show, *Good Morning Britain.*) In addition, the licensees jointly own and operate Independent Television News, which produces newscasts for both the ITV network and Channel Four.

The network's stations range from financially marginal ones on the periphery of the system to lucrative major franchises such as Granada that, following the BBC's tradition of in-house production, make nearly all of the nonimported programs on the ITV network. Other major stations are Central Independent Television (Birmingham), Yorkshire Television (Leeds) and London Weekend and Thames, which operate on a split-week pattern in the capital. Thames broadcasts in the London area from Monday sign-on





Successful ITV productions include Granada's *The Return of Sherlock Holmes* (starring Jeremy Brett) and Central's *Auf Wiedersehen Pet* (right), the comic exploits of a British construction crew in Germany.

UKTV

until 6 P.M. Friday, then giving over to London Weekend Television.

ITV doesn't follow the centralized plan of American networks. It is scheduled by a committee of program chieftains from the five major stations, who regularly meet for horse-trading sessions that have occasionally produced bitter infighting. The economics are even more eccentric by American standards: Advertising is sold separately by each station, each having a monopoly in its region. Stations are accorded network airtime for their shows based on success in ad sales. (The formula gives the most time to Thames, which charges high rates.) For each show a station originates, the other outlets pony up about three-fourths of the production cost.

ITV's regulatory overseer, the Independent Broadcasting Authority, requires scheduling of certain amounts of educational, religious, news and documentary programs, and also limits advertising to a daily average of six minutes per hour (no more than seven during any given hour). In comparison, the American networks average six minutes per hour in prime time.

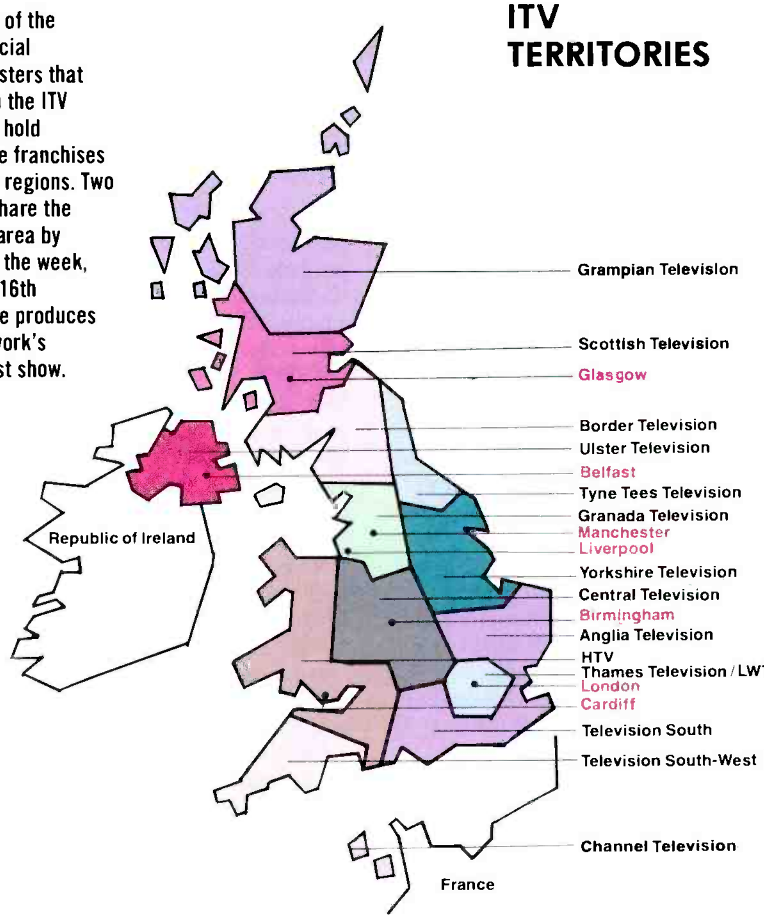
Each station's programming tends to have its own personality. Thus, London Weekend's reputation is for light entertainment (variety and game shows) and action melodramas like *Dempsey & Makepeace*, a cop series syndicated in the States by Tribune Entertainment. An early London Weekend hit in the American market was the period serial *Upstairs, Downstairs*. Thames, which Americans can thank for Benny Hill at one extreme and the *World at War* documentaries at the other, is most identified in the U.K. with high-rated, often downscale situation comedies, several of which have become hit adaptations on the U.S. networks.

Both Central and Yorkshire have a fondness for drama, although Central's recent output runs from a Tina Turner special to *Spitting Image*, a hilarious satirical puppet series whose targets include Ronald Reagan and Margaret Thatcher. Yorkshire's series and anthology dramas tend to have the glossy style of the recent made-for-TV movie *Romance on the Orient Express*, one of several sold in the U.S.

Granada, the British commercial station with the longest history under continuous management, is known abroad for such high-quality miniseries as *Brideshead Revisited* and *Jewel in the Crown* and the hard-hitting *World in Action* documentaries. But in its home market, at least, the station is probably best known for the long-running, twice-weekly soap *Coronation Street*, a celebration of working-class life that usually tops the weekly ratings. (Granada is also known both in Britain and the U.S. for consumer rental of TV sets and VCRs, its largest profit center.)

Thirteen of the commercial broadcasters that make up the ITV network hold exclusive franchises for their regions. Two others share the London area by splitting the week, and the 16th franchise produces the network's breakfast show.

ITV TERRITORIES



FERN LOGAN

Few of the other ITV stations get more than an occasional turn on the network, the most successful being Anglia in Norwich, covering east England; TVS, or Television South, based in Southampton, covering the nation's economically richest region; and HTV, a bilingual outlet headquartered in Cardiff that covers Wales and the west of England. HTV produces the new *Robin Hood* series (seen across the Atlantic on Showtime), while Anglia coproduced with J. Walter Thompson the *Survival* nature series (syndicated in the States). Television South, or TVS, coproduced *Squaring the Circle*, a Tom Stoppard teleplay (with Metromedia), and the movie *Behind the Lines* (with MTM Enterprises, for NBC). With WNET New York, TVS is also developing a major documentary series, *The History of Western Art*.

Among the provincial stations that rarely feed programs to the ITV network are Scottish Television in Edinburgh, Television South West in Plymouth, Grampian Television in Aberdeen, Ulster Television in Belfast, Border Television in Carlisle and Tyne Tees in Newcastle. The last, however, does produce *The Tube*, a hit rock music show carried by Britain's Channel Four, parts of which are also carried on U.S. cable by MTV. Least consequential of the ITV franchises is Channel Television at St. Helier on the isle of Jersey. ●

CHANNEL FOUR

Running Fourth

The newest channel has found respectability but so far no profit.

ENTWINED WITH THE history of British radio and television is a history of blue-ribbon government committees whose findings have been ignored, though occasionally their reports have led to dramatic change. Commercial television arrived in the '50s, for instance, in the wake of proposals by a committee headed by Sir Harry Pilkington, a leading manufacturer of glassware.

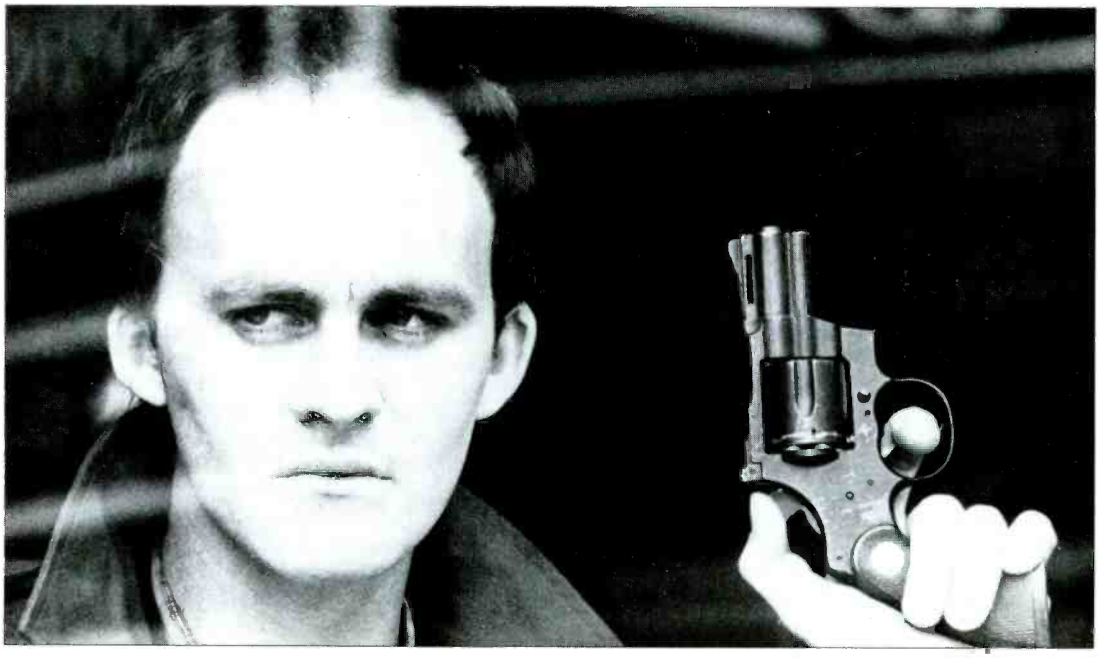
A more recent panel anchored by Lord Annan led to the creation of Channel Four, the country's second commercial channel. But to the surprise of everyone and the dismay of the regionally franchised ITV stations, which thought it was to be their baby (an ITV-2), it was instead retained as a subsidiary by the regulatory body, the Independent Broadcasting Authority.

On the air since November 1982, Channel Four (familiarly known in the trade as C4) is a broadcast oddity, particularly for Britain. It doesn't produce its programming but instead commissions all of it to independent suppliers. And its revenue doesn't come from advertising time sales but from the ITV stations under a special IBA-imposed annual assessment. This year the stations will pay a levy of nearly \$260 million, of which about \$52 million goes to C4's bilingual Welsh cousin, Sianel Pedwar Cymru (known as S4C).

As a quid pro quo, the ITV stations were given a monopoly in their respective regional coverage areas on the sale of Channel Four and S4C airtime. Under a pattern of quotas, programming for the two comes from the ITV stations, independent producers and syndicators of such imports as *Cheers* and *Family Ties*.

Channel Four is headed by Jeremy Isaacs, a former Thames program executive and producer of documentaries. C4's biggest continuing hit is an English soap called *Brookside*. Its biggest seasonal hit is a weekly package of taped National Football League game-of-the-week highlights from the U.S., which has sparked such interest in the sport that Britain now boasts two of its own leagues playing American football. C4 has also given a boost to independent production of all kinds, especially moviemaking, by partially financing such movies as *Wetherby*, *My Beautiful Laundrette*, *Letter to Brezhnev* and others that were hits with U.S. critics.

Because it was intended as a narrow-interest channel, with constraints on its programming and competitive scheduling, C4 has usually run a respectable fourth in a four-horse field, though it has beaten BBC-2 occasionally. Last year Isaacs set a 10 percent share as his goal for C4 in three years' time, and the channel met that goal well ahead of schedule in March. But its loyal audience has shown consistent growth, and though the ITV stations still lose money, continued growth should help most of them turn a profit within a year or two. ●



Channel 4 produces none of its own programs but has helped finance movies such as *Wetherby*, featuring Tim McInnerny.

INFLUENTIALS

Eight Who Rate

The elite that rules the British industry.

Alasdair Milne

Director-general, British Broadcasting Corporation. As chief executive of the single largest and most influential media outlet in the country, Milne needs political skill, a gift for conciliation and a thick hide, all of which he is said to possess in varying proportion. His Scottish ancestry (he was born to a colonial family in India) may have something to do with his tart tongue, but at any rate Milne does not suffer fools gladly. He is a former public-affairs producer who rose through the BBC ranks to the top job in 1982. He has a little more than four years to go before reaching the company's mandatory retirement age of 60.

Douglas Hurd

Secretary of the Home Office. Hurd is a patrician Tory politician and sometime novelist and not a broadcaster at all, but as the Home Office secretary in Margaret Thatcher's cabinet, he has a direct and considerable effect on British media. His ministry regulates broadcasting, sets the license fee that set owners are obliged to pay and that supports the BBC and appoints the BBC board of governors to which Milne reports.

Bill Cotton

Managing director, BBC Television. Son of a famous British bandleader, Cotton is a career staffer who came up through programming, first as head of light entertainment and then as skipper of the first network, BBC-1, along the way gathering respect for his knowledge of broadcasting and show business.

Denis Forman

Chairman, Granada Television. Of all the ITV station heads, Forman is perhaps the most esteemed, both for managerial talent and programming idealism. An elder statesman of the industry with uncommon respect for the medium and its audience, he is also one of its most eloquent defenders of journalistic freedom. In a recent landmark case, when threatened with fines and even possible imprisonment, he refused to name the informants who gave Granada an inside scoop on the state-owned British Steel Corporation. (He was neither fined nor jailed.)

Michael Grade

Controller of BBC-1. As chief of the BBC network that competes directly with ITV for mass audience favor, Grade has one of the most pressured jobs in the industry. He had previously served as president of Embassy Television during a Los Angeles sojourn from 1981 to 1984, and before that was program director for London Weekend Television. Grade is widely regarded as one of the savviest schedulers in the business and is credited with BBC-1's improved ratings in the two years he's had the post. Show business runs in Grade's family. His father was a talent agent, and his uncle is flamboyant showman and former commercial broadcaster Lew Grade.

John Whitney

Director general, Independent Broadcasting Authority. As head of the government body that regulates commercial broadcasting as well as operates its transmitters, Whitney has hefty policy clout. He headed a commercial radio station in London before joining IBA four years ago and, before that, was an independent packager of radio and TV programs.

Paul Fox

Managing director, Yorkshire Television. A predecessor of Michael Grade's in the BBC hot seat, Fox now presides over one of the major ITV stations, the power base from which he plays a key role in ITV program planning and acquisition of American imports for the network. He enjoys a reputation, first established at the BBC, as a fierce but emphatically honorable competitor.

Jeremy Isaacs

Chief executive, Channel Four. A former documentary producer and programming chief for Thames Television, Isaacs proposed many of the distinguishing features of Britain's second commercial channel and four years ago became its first chief executive. Building on an innovative schedule aimed at both occasional and steady viewers, he has moved C4 into ratings contention. Some of C4's programming flair, moreover, has rubbed off on the other networks.

FOCUS

PROGRAM EXPORTS

Made in the U.K.

Overseas sales keep producers in the black.

FOR MANY AMERICANS their "special relationship" with Britain comes to mind most often when they tune in such programs as *Jewel in the Crown*. The British don't actually program PBS, as some jokers assert, but without them there would surely be big gaps to fill on American public TV—not only for classy costume drama but also for compelling documentaries and nature films (often renarrated with a Yankee accent by PBS packagers) and the "Britcoms" like *Fawlty Towers* that public TV stations use to sweeten their ratings.

The British have specialized in exporting ideas for situation comedies. *All in the Family*, *Sanford and Son*, *Three's Company* and *The Ropers* are all adapted from British sitcoms, and next season another U.K. comedy will be Americanized for first-run syndication—*What a Country*, a joint venture of Tribune Entertainment, Viacom and Primetime Television. Format sales such as these aren't really new. They go back at least to the mid-'60s, when NBC produced an American version of the BBC's ground-breaking topical satire series, *That Was the Week That Was*, for which it also imported one of the show's original stars, David Frost.

Reliable figures are difficult to pin down, but the British are second only to the U.S. in TV program exports, grossing a record $146 million last year (including sale of format rights to American producers). Of the total, something close to $54 million was tallied by the BBC, and the rest by such independent commercial stations as Thames, Central and Granada.

For at least some independents, such as London-based Thames, which last year pulled in more than $32 million from foreign licensing, those revenues spelled the difference between profit and loss. As offshore program licensing grew, most of the major independents established their own distribution subsidiaries. They include Thames (whose shows are sold in the U.S., however, by D.L. Taffner Ltd.), Granada and London Weekend. Other stations sell through such agencies as International Television Enterprises Ltd. (ITEL), which represents and is jointly owned by Yorkshire and Anglia Television.

The BBC is the most experienced in the field of foreign marketing via its commercial subsidiaries, BBC Enterprises and Lionheart International. The Arts & Entertainment cable channel has an option on first U.S. release of much of the BBC's output.

The BBC, however, has been far less aggressive than the independents in pursuing the U.S. market. The company scored its biggest commercial breakthrough with its nuclear holocaust drama *Threads*, which first aired on Ted Turner's superstation, WTBS, and then on more than 60 other television stations (45 of them commercial). Now Turner is working with the BBC on other projects including a ten-part series on the history of Hollywood's movie industry.

The British turn to coproduction with American broadcasters not only to share the high costs of prestige productions but also because it's a safer route into the prized U.S. market. Central Television, for example, produced the *Kennedy* miniseries for NBC as well as for ITV. Showtime's original production of *Tender Is the Night* was actually made by the BBC, while *Arch of Triumph*, a CBS movie, was produced by HTV, an ITV station based in Cardiff, Wales. Anglo-American joint-venture concepts aren't exactly new, either. More than 20 years ago, Lowell Thomas's Odyssey Productions and the BBC agreed to coproduce a travel-adventure series called *The World of Lowell Thomas*.

For the BBC especially, coproduction and cofinancing have become necessities because it lives on a fixed income—the annual tax on TV sets. Virtually all of its output these days in the arts, science and nature programming is made in fiscal collaboration with other broadcasters and program suppliers. ●

The British have scored with exported sitcom ideas. London Weekend's *Mind Your Language* might be the next transplanted hit, Americanized as *What a Country*.

FOCUS

HOME VIDEO

The Victorious VCR

Only Lady Di has swept so many Britons off their feet.

WHILE other new TV technologies in Britain drag their feet, home video has become the country's electronic media wonder of the '80s. Britain ranks second only to Japan in the percentage of households with VCRs. And the prerecorded videocassette market, stalled for a time, has gotten its second wind with the help of low-priced cassettes and the rapid spread of retail outlets.

Nearly half of all households in the U.K. have VCRs—46 percent, or 8.7 million, according to estimates. In comparison, 60 percent of households in Japan and 33 percent in the U.S. have VCRs.

To everyone's surprise, home video's lift-off was powered by the lower-earning and lesser-educated consumer, for whom both the player and prerecorded software can be rented for about the cost of a few ales at a pub. For the average financially pinched Briton, renting a cassette overnight for $1.50 beats the expense of two movie tickets.

BRITAIN'S MOST-RENTED LIST

These were the ten videocassettes most rented by British viewers last year, with their distributors and the number of rentals.

Police Academy	Warner	977,000
Tightrope	Warner	832,000
City Heat	Warner	777,000
Romancing the Stone	CBS/Fox	760,000
The Karate Kid	RCA/Columbia	747,000
Trading Places	CIC	743,000
Conan the Destroyer	RCA/Columbia	587,000
Splash	Rank	568,000
First Blood (Rambo)	Thorn EMI	564,000
The Killing Fields	Thorn EMI	534,000

SOURCE: GALLUP ORGANIZATION FOR VIDEO WEEK (U.K.)

After going flat for a time, the software business, mainly rental, began to perk up last year. The surge coincided with a 20 percent jump in retail outlets (which now number around 6,000). Home video was also helped by the release of a batch of hot films (movies are available on cassette in Britain anywhere from three months to a year after theatrical release).

But probably the greatest single impetus was the introduction by new independent labels of movie cassettes selling for as little as $11 a copy. Major labels are starting to follow suit. How-to tapes, once rental only, are now selling for as little as $7 or $8. For most analysts, these developments signal that Britain will have an extended software boom. ●

TELETEXT:

A Surprising Success

BRITAIN HAS A MIXED record in the new-technology race, but one area in which it has been a standout, commercially and otherwise, is in the development of teletext and videotex. While similar ventures have foundered in America, many British viewers are accustomed to reading from their TV screens.

Teletext, which rides along with the TV signal in spare line capacity of each channel, is a "one-way" broadcast of a continuous information flow from which viewers with data decoder units can choose "pages" to examine. Both BBC's Ceefax service and ITV's Oracle offer hundreds of pages of information, from weather to sports results and stock quotes, and, in the case of Oracle, paid advertising as well. The British have also used teletext for simultaneous bottom-of-screen subtitling for the hard-of-hearing.

The two teletext systems were separately developed in the '70s, later standardized and are now sold abroad by four British concerns. According to manufacturers, some three million British homes have data decoders, which cost $100 to $150 per set.

Videotex, or viewdata (as the British call it)—the interactive "two-way" information system that allows subscribers to call up information from a database—is offered by some 450 firms, but almost all are limited to companies' internal use.

The leading viewdata system is probably British Telecom's Prestel, which, after a disappointing start in 1979, has built up its subscribership to 65,000 and recently made its first profits. The service originally flopped when it went after an undifferentiated mass market, succeeding only after Prestel introduced a variety of specialized services including home and office banking and stock transactions. One of its newest offerings, undergoing a limited test in the London area, is a stay-at-home grocery-shopping service. Prestel apparently has only one competitor in the general market, a system called Istel, owned by automaker British Leyland. ●

FOCUS

CABLE TV

No Queue to Sign Up

Fierce media competition cripples the wiring of Britain.

LIKE THE GREENING OF America, the wiring of Britain also has yet to happen. Cable is off to an unpromising start in the U.K., and many analysts say there's no early prospect of a significant pickup.

Fewer than a million homes are reached by wire so far, despite a 40 percent increase last year. And of the million, only an estimated 130,000—in a nation of 54 million—actually subscribe to basic and premium services (fees vary from about $9 to $45 a month).

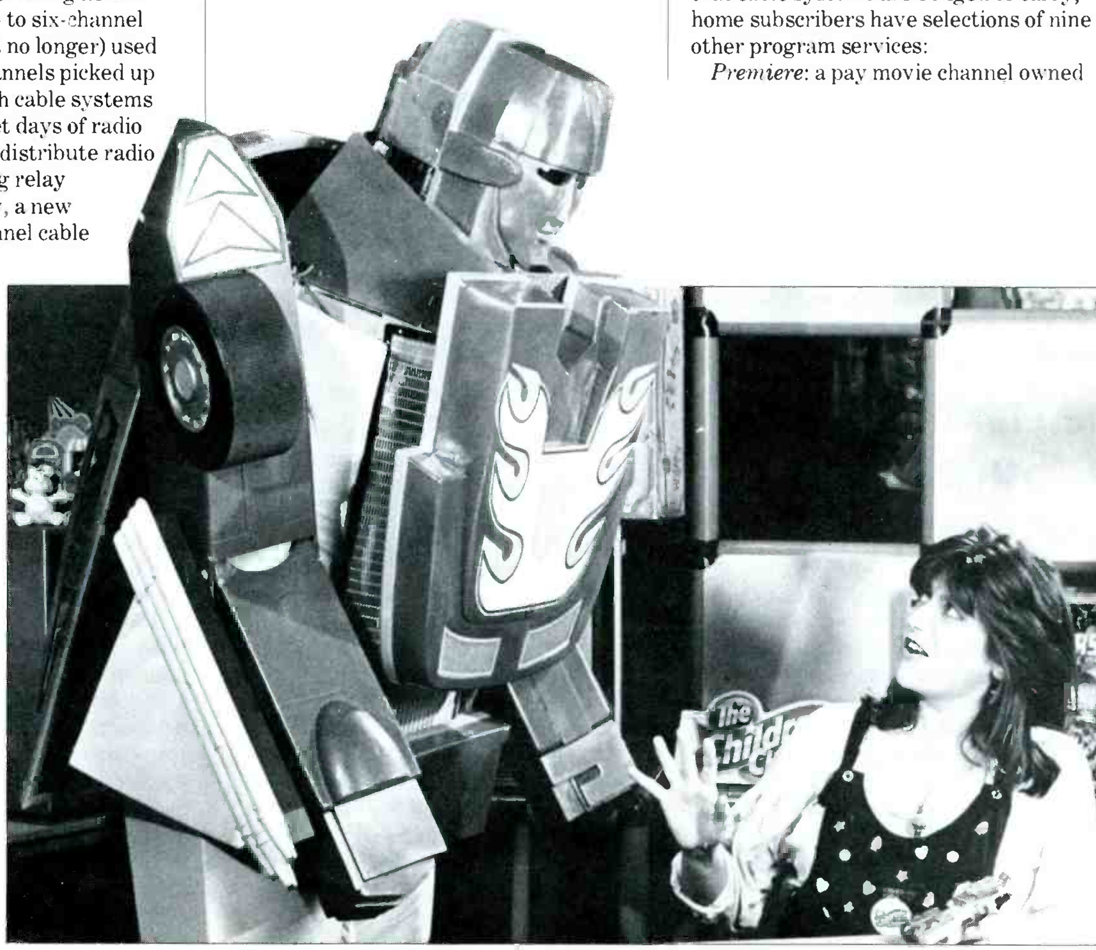
Moreover, most of the wiring now in place has a limited four- to six-channel capacity, originally (but no longer) used exclusively to carry channels picked up off the air. A few British cable systems date from the crystal set days of radio when it was cheaper to distribute radio by wire than by building relay transmitters. As of now, a new generation of multichannel cable constitutes only 10 percent of the wiring in place; only a fraction of that has interactive capacity.

The industry is regulated by a Cable Authority (chaired by Richard H. Burton, with Jon Davey as director-general, or chief executive) set up after the government, two years ago, had already awarded 11 cable system franchises. Only seven of the 11 have started operations so far. The authority itself has since issued nine more franchises, and recently sought bids for a tenth. No stampede resulted.

The reasons for cable's slow growth include the broadcast television services for which the public already pays, and a ruling Conservative administration that hasn't lifted a finger in terms of seed money or fiscal incentives. It hasn't helped that the government stopped letting businesses write off capital expenses in a single year. Under the circumstances, banks and other financial institutions have been reluctant to cough up venture capital to accelerate the wiring of Britain.

Besides the four broadcast channels that cable systems are obliged to carry, home subscribers have selections of nine other program services:

Premiere: a pay movie channel owned



Children's Channel and eight other program services are vying for viewers among the mere 130,000 British households wired for cable.

UKTV

by Columbia Pictures, Paramount, Warner Bros., Home Box Office, Showtime/The Movie Channel and British media mogul Robert Maxwell, who has 51 percent of the stock. It has an estimated 46,000 subscribers.

Music Box: the equivalent of America's MTV, with music videos 18 hours a day. The owners are the Granada Group, Yorkshire Television and Virgin Vision.

Sky Channel: Rupert Murdoch's British-based but Pan-European general entertainment channel whose programming includes old American series and seasonal coverage of NFL football. Murdoch, who bought 83 percent of the company, is still losing money on Sky, but will be able to increase ad rates as cable systems pick up the channel. The company claims that it reaches 5.8 million European homes and projects ten million within a year.

Screen Sport: another Pan-European channel (basic in the U.K. but pay in such other markets as Finland and West Germany), backed by ABC, ESPN, RCA and two British concerns—the book and stationery retailer W.H. Smith and the commercial station Television South.

Lifestyle: a daytime potpourri aimed at housebound women. Owned by Yorkshire Television, W.H. Smith and Television South.

Children's Channel: jointly owned by Thorn EMI, D.C. Thomson (comic books) and British Telecommunications.

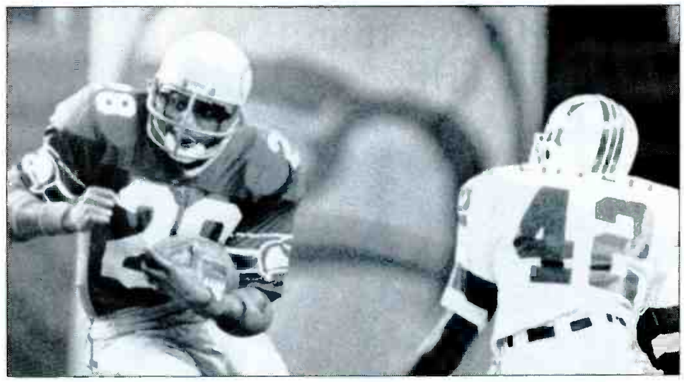
Home Video: feature-film channel (at no premium, supported by advertising), owned by British Telecom and Kleinwort Benson, an investment bank.

Bravo: a classic-movie channel owned by the U.S. company, Cablevision Systems Corp.

Arts Channel: a performing arts service.

Except for Premiere—and, on some cable systems, the Arts Channel—all of the nine are basic services supported by advertising. All are transmitted to cable systems by satellite except for Home Video and Bravo, which are delivered on cassettes, a much cheaper method of delivery. None of the nine channels is making a profit.

A tenth cable service may be added later this year, when British Telecommunications expects to offer a pay movie channel in collaboration with United International Pictures, the foreign marketing agent for Paramount, Universal and MGM/UA.



Murdoch's Sky Channel brings NFL action into British homes.

Also looming for next year is Superchannel, sponsored by 13 ITV stations, which would offer the "best of British television," old and new, including BBC shows.

Some British cable operators also offer a smattering of foreign satellite channels. These include World Public News, a Belgium-based operation that mainly feeds public-information material supplied free by the USIA and other national information agencies; a French-language cultural channel packaged by three national French broadcasters plus French-language networks in Switzerland and Belgium; a Soviet service from Moscow; an Arabic channel; and New World, a Norway-based religious channel largely funded from America. Some cablers in Scotland, which has a sizable population of Italian immigrants, are negotiating for programming from RAI, Italy's state-owned network.

Recently available in Britain is the satellite-fed Europa channel, a five-nation venture of the European Broadcasting Union (EBU) that offers sports, news and entertainment supplied by broadcasters in Holland, West Germany, Italy, Ireland and Portugal. Sometime next year, when Europa switches to the EBU's own Olympus satellite, the channel will also let subscribers with special decoders choose their language among multiple subtitles and sound tracks. ●

DBS:

Waiting In the Wings

EUROPE'S INITIAL TEST of direct broadcasting by satellite is expected late this year or sometime the next, when France begins DBS service to its home market and much of the region. Britain only recently took its initial steps in that direction, when the government assigned the Independent Broadcasting Authority to start a three-channel domestic DBS venture.

The IBA, Britain's broadcast regulatory agency, is talking with various manufacturers about purchase of a DBS satellite, as well as with program suppliers that might lease channels on it.

But the critical question is whether the British public, already getting richly varied terrestrial TV service, will go for DBS with any more gusto than it has shown for cable television. For one thing, the well-heeled may be the only customers eager to part with $1,000 or more for the necessary receiving dish and set converter.

For the moment home reception of satellite signals is a novelty for only an estimated 2,000 Britons who have paid the government a $15 tax for the privilege of installing a backyard dish. Depending on which satellite it's aimed at, the owners can pick up transmissions from Italy, France, Switzerland, Germany, Norway, Holland, Luxembourg, the Soviet Union or the United States (Cable News Network). ●

PRIVATE EYE

by William A. Henry III

BURIED TREASURE

Even in this age of channel proliferation, round-the-clock cable reruns and marketing of archival cassettes, one of the best-made and best-loved shows of the golden age of early television languishes unseen, a 20-year-old memory fated to fade ever further into obscurity. This series enjoyed top ratings in prime time and then a dozen hugely profitable years in syndication. It broke new ground in terms of sociology and of equal opportunity for minority performers. Yet it came to be almost universally reviled, its very name a catchphrase for bigotry and the bad old ways in race relations.

Amos 'n' Andy ceased production in 1953 and reruns went off the air altogether in 1966, not because stations were uninterested in buying it but because CBS, which owned the rights, grew embarrassed about selling. American blacks, led by the NAACP, had campaigned against the show since its days on radio, contending that it presented demeaning images of blacks as gullible and ignorant or lazy and conniving. They finally succeeded in removing it from the air. For two decades, there has been nowhere to see the show, except on the occasional pirated cassette or at the Museum of Broadcasting in Manhattan.

The characters in *Amos 'n' Andy* were not so much racial stereotypes as human archetypes.

Alvin Childress died in April. His name meant nothing to most Americans. He played the sweet, philosophical taxi driver Amos, owner of the Fresh Air Taxi Company, who narrated the episodic series. Obituaries of Childress brought out two interesting facts. One was his argument that *Amos 'n' Andy* provided positive role models: "I didn't feel it harmed the Negro at all . . . Actually the series had many episodes that showed the Negro with professions and businesses, like attorneys, store owners, and so on, which they never had on television or in movies before." The other was Childress's later work history: After *Amos 'n' Andy* was withdrawn, he was not able to get acting jobs and eventually spent years as a social worker in Los Angeles. Only in his final few years was he able to edge back into show business. In 1953, the choice was not between *Amos 'n' Andy* and *The Cosby Show*. It was, rather, between *Amos 'n' Andy* and the likes of *Beulah*, a situation comedy about a maid working for a white family. Or, if one limited the survey to shows exclusively about blacks, it was between *Amos 'n' Andy* and pretty much nothing at all.

Alvin Childress (left) as Amos, and Spencer Williams as Andy.

Now that we have *Cosby* and its kin, however, are we missing anything by suppressing *Amos 'n' Andy*? I think we are. The shows are still unusually diverse, offering every kind of humor, from ripe insult comedy to outrageous (and often unconscious) puns, from ironic reversals to hearty slapstick. The characters are not so much racial stereotypes as human archetypes, familiar to Shakespeare and Jonson, Congreve and Molière: the battle-ax mother-in-law and the daughter who remains under her sway; the get-rich-quick promoter who always winds up foiled by his own scheming; the eternal optimist, taken in by his hustling friends yet always ready to believe them anew; the bombastic, petty bureaucrat who lords it over his peers; the endearing slowpoke, mentally and physically, called Lightning.

Perhaps these people were less than lettered and sophisticated. But that was just because they were poor. If ignorant, they were no more so than Archie Bunker, who always referred to his favorite President as Richard *E.* Nixon. The Kingfish's plans for a fast buck were no more preposterous than Ralph Kramden's and his heart no more larcenous than Sergeant Bilko's. Lightning was no dopier than Ed Norton or, a little later, Crazy Guggenheim. More important, were the people on *Amos 'n' Andy* goodhearted, essentially law-abiding and patriotic? Were they decent citizens? The answer is unmistakably yes.

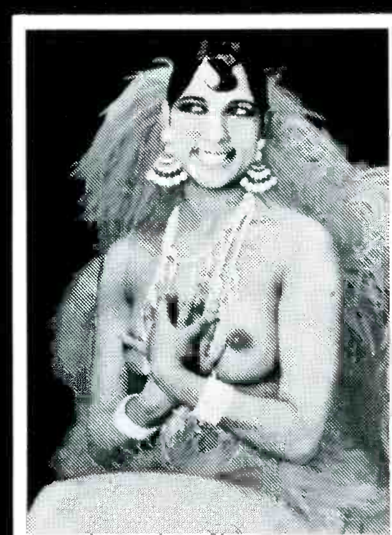
Consider an episode in the Museum of Broadcasting collection. The Kingfish receives a military draft notice. He knows he is much too old for the Army. But when ordered to report, he complies. His wife, who will be deprived of his company and support—such as it is—flushes with pride at his readiness to serve. His admiring friends give him a send-off party. Of course, when he shows up, it is immediately apparent that the local draft board meant to call another George Stevens. Yet rather than go home relieved at having escaped an onerous fate, he dutifully offers himself to every other branch of the armed forces. He is trying to avoid embarrassment at home. But the humiliation would exist only because he lives in a community that takes its civic responsibilities seriously. His friends and neighbors are people anyone would like to have live next door.

A time-tested axiom holds that when the vast majority of the public agree on something, they are all but sure to be wrong. I think they are deeply, deeply wrong in the case of *Amos 'n' Andy*. ●

TV 4 INTERNATIONAL

DISTINCTIVE PROGRAMMING

ZASTROZZI 4 × 52′ Drama



JOSEPHINE BAKER 1 × 78′ Documentary

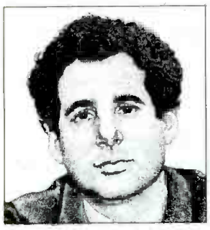
MR PYE 4 × 1 hour Mini Series

DOWN HOME 4 × 52′ Music Series

At MIP T.V. Stand 03.32 05.33

CONTACT: BILL STEPHENS AND JANE SMALL

TV4 INTERNATIONAL 60 CHARLOTTE STREET LONDON W1P 2AX TELEPHONE 01-631 4444 TELEX 892335



by Joel Swerdlow

The people who best understand the power of music are government officials in totalitarian countries.

THE MALADY LINGERS ON

Two music-related problems—rock porn and payola—hit Congress recently, and the brevity of their life as public-policy issues highlights the need to take music more seriously.

A group of mothers, several of whom have well-connected husbands in government, organized into the Parents' Music Resource Center (PMRC) and complained on Capitol Hill about rock lyrics containing "explicit sexual language, profanity, violence, the occult and the glorification of drugs and alcohol." They emphasized that young children, and not just rebellious teenagers, listen to such songs.

Every generation, of course, uses music to shock its parents. Cole Porter was suppressed. Television networks refused to broadcast Elvis Presley below the waist. Hit tunes of the 1960s warned adults to get out of the way. Today is no different. There is a singing group called the Dead Kennedys and songs whose *titles* most radio stations would not announce. "Some women like violent sex, and I think they have a right to hear about it," singer Frank Zappa recently explained.

Although control of lyrics is impossible, given human nature, and undesirable, given First Amendment guarantees of free speech, the mothers of PMRC have stumbled onto a basic truth about music: Rock and roll cannot declare war or change tax laws, yet music does stimulate the imagination, certify truths and shape perceptions. "Rock didn't cause me to be political," sociologist Simon Frith recently wrote, "but [it] confirmed my politics as background music, as a permanent sound track of anger and hope and joy."

Such power is immeasurable. It is impossible to document that anyone indulged in arson after listening to a song called "Pyromania," just as it is hard to prove that anyone committed rape right after watching a vivid episode of *Miami Vice*. But the preponderance of scholarly data, backed by common sense and experience, is that televised violence can change real-life expectations and behavior.

Pop music, like television, reaches a huge audience. Well over half a billion records and tapes are sold each year, and the music they contain receives millions of hours of airtime. At the same time, it is more difficult these days to monitor what children listen to. As one organizer of PMRC explains, "With TV, I can walk into a room and see and hear what my son is watching, but when his headphones are on, I don't know." Music may also be the form of mass communication with the most personal and durable impact. But we do not know much more than that. The studies and treatises, so plentiful when a question about television is raised, are all but nonexistent.

Ironically, the people who best understand the power of music are government officials in totalitarian countries such as the Soviet Union. They see control over music as essential to social control. Soviet failures—they suppressed jazz as subversive, but now have Communist party-supported jazz clubs—demonstrate that music can reach far deeper than a nation's political institutions.

No public official in America favors songs that advocate incest, but devising an intelligent response is difficult. That is why congressional hearings into rock lyrics lasted only five hours. "I don't think you can legislate people to be good," testified singer Donny Osmond, who, in spite of his squeaky-clean image, sided with Zappa against a system of labeling record albums for lyrical content. Osmond also offered a fascinating insight into how the marketplace works. If albums are so labeled, Osmond said he would add just enough spice to his songs to avoid being certified as inoffensive.

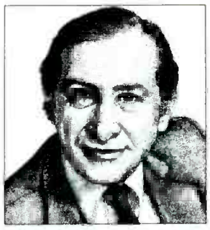
When complaints about rock lyrics reached Congress, music industry executives began to sound like publicists for the American Civil Liberties Union. Freedom of speech, they said, must be protected. But recent charges of so-called new payola—mob-instigated payments and other inducements that help shape the "Top 40"—are a healthy reminder that the music we and our children hear is not simply the product of artists exercising First Amendment rights. The Senate's Permanent Subcommittee on Investigation has begun a preliminary inquiry. "Something is going on, but it's hard to find out what," says Brad Woodward, Washington editor of the trade publication *Radio and Records*. "Payola is a subterranean issue."

No one would tolerate mob actions that changed the *New York Times* best-seller list or that distorted television ratings. Yet because society still does not regard music as an important vehicle for communications, payola remains a nonissue until major scandals develop.

In the meantime, other music-related issues—such as copyright protection, licensing of songs played on syndicated television programs and restrictions on rock videos—are emerging. These issues are crucial because their cumulative impact will shape the voices that do so much to shape us. "If a man were to be permitted to make all the ballads," Scottish patriot Andrew Fletcher wrote in the early 18th century, "he need not care who should make the laws of a nation." ●

ROGER ROTH

HOLLYWOOD INC.



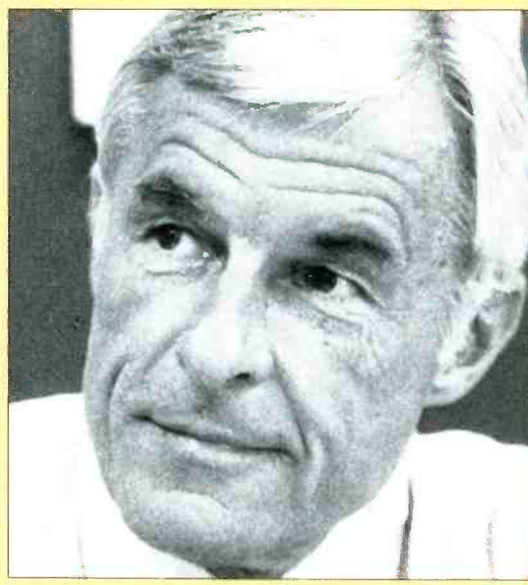
by Rick Du Brow

When Tinker leaves NBC, he will become one of the dozens of former network officials who are drawn to the more lucrative career of independent producer.

THE GRADUATES OF NETWORK U

When Grant Tinker goes back into independent TV production, as he indicates he will after retiring from his extraordinarily successful reign as chair-man of NBC, he will be lured with unprecedented deals to make network programs. "How about anything he wants," cracks independent producer Leonard Goldberg (*Charlie's Angels, Family*).

Tinker's remarkable track record as a producer of tasteful hits—*The Mary Tyler Moore Show, Lou Grant*, etc.—had set him apart from the pack even before he joined NBC. (His move to the networks from Hollywood also made him different, since most of the traffic runs in the opposite direction.) But once he departs the network, most likely to continue to influence—from the production side once again—the programming mix on NBC, Tinker will become one of the dozens of former network officials who pursue the much more lucrative occupation of independent producer by cutting deals with onetime employers. That's business as usual in Hollywood, not that it's all that different from the way any industry works. What is different is the extraordinary amounts of money involved. An edge in friendship can produce multimillion-dollar rewards.



In a town where even his NBC predecessor, Fred Silverman, keeps doing business, Tinker will get whatever deal he wants.

There are no given rules for setting oneself up as a production company after leaving a network. But the familiarity a former network executive has with the colleagues he leaves behind breeds a certain confidence in the tight little society of the L.A. production community. As NBC's Brandon Tartikoff has noted, "It's kind of hard to flunk out of Hollywood." Fred Silverman, who failed badly as president of NBC before Tinker took over, is still doing business with the network as an independent producer; he came up a winner last season with a TV-movie revival of *Perry Mason*. Harvey Shephard, who vacated his job as CBS's top programmer this spring, was hired as president of Warner Brothers TV production by his old CBS boss, Bob Daly, the chairman of Warner Brothers. But increasingly, the best way for a network executive to be assured of a production deal with his former network is to get it in writing. Producer Goldberg, who at one time headed up programming at ABC and Screen Gems (now Columbia Pictures TV), maintains that there are two reasons for the increase in such deals.

"First," he says, "there's the network executive who thinks far ahead going into the job that he or she will wind up someday as a producer, and it's nice to have something in his pocket. Second, it's only logical for the networks to say: 'Here we have people that we think a lot of; we put them into important jobs for us, and if they're going to go into the production business later, we would like to have the first crack at their product.' "

Former ABC executives Marcy Carsey and Tom Werner reportedly had a deal to produce pilots for the network. They took one of their ideas—a situation comedy with Bill Cosby—to ABC, which turned it down, and TV's most popular show wound up on NBC. But the production link between ABC and its past executives seems more pronounced than at the other networks, probably because ABC, in its fledgling days, attracted brilliant young executives who viewed the network as not much more than a stepping stone into production. The list of ABC's achievers is impressive. Barry Diller went on to become chairman of Paramount, where one of his miniseries projects, *The Winds of War*, had been started while he was still at ABC. Michael Eisner, another ABC whiz kid, now heads Disney studios, where he is reviving TV production. And two of his series, *The Disney Sunday Movie* and *The Ellen Burstyn Show*, have been sold to ABC. Goldberg's major hits have also been for his old network, ABC, including the drama special *Something About Amelia* and a string of hugely profitable series he coproduced with his former partner, Aaron Spelling: *Family, Hart to Hart, Starsky and Hutch, The Rookies* and *Fantasy Island*.

The cushy relationship that develops between the networks and producers who have worked with them makes for an odd coupling. "In a sense," said Shephard when he was senior vice president of programming for CBS, "I'm in the job of making millionaires out of people." Producers like Goldberg and Spelling could pay the salaries of the three network program chiefs out of their petty cash drawers. But Goldberg has a thought to consider: Sure, he says, there are inducements and pressures for networks to favor certain producers and certain studios. "But the pressure to come up with hit shows is so incredible that you take them anywhere you can find them," says Goldberg. In short, in the best traditions of the business world anywhere, it's great to do lunch and invite your buddies over for a tennis-Sunday, but friendship is no substitute for self-preservation. ●

by Burton Benjamin

The Longest Courtship

The networks, on bended knees, begged their affiliates to carry an hour of news, cooing words like "responsibility."

A decade ago, I produced two one-hour editions of the *CBS Evening News* with Walter Cronkite. It was heady stuff and before its time. There was two-way exchange between Walter and the field correspondents, quite like what we are seeing on all three networks today. The stories were longer—instead of the usual minute-fifteen-second pieces there were a lot of two-forty-fives and even some three- and four-minute stories. And they weren't soft. There were only two features buried deep in the hour.

The programs lacked one essential ingredient, however: audience. They were never broadcast. Assembled in the hope of heralding an expanded network news program, the shows lay in the caverns of CBS, watched by perhaps a hundred people and never to see the light of day. They were the harbinger of nothing.

What happened was that the affiliates simply muscled out the idea of an hour-long network newscast. It was just one more chapter in what I call the "longest courtship in television": the network on bended knees—suitors for the hour news—and the affiliates the resisting maidens, resolutely saying "no." The courtship dialogue was often filled with loving, cooing talk about editorial responsibility and the viewers' crying need to know. Only infrequently was the root cause of their refusal discussed: money. Local news had become increasingly important in their balance sheets, and they were not enamored of any network plan that would cut into their time. Big groups such as Westinghouse, Corinthian, Taft and Storer led the opposition.

Burton Benjamin, retired senior executive producer for CBS News, is a senior fellow at the Gannett Center for Media Studies at Columbia University.

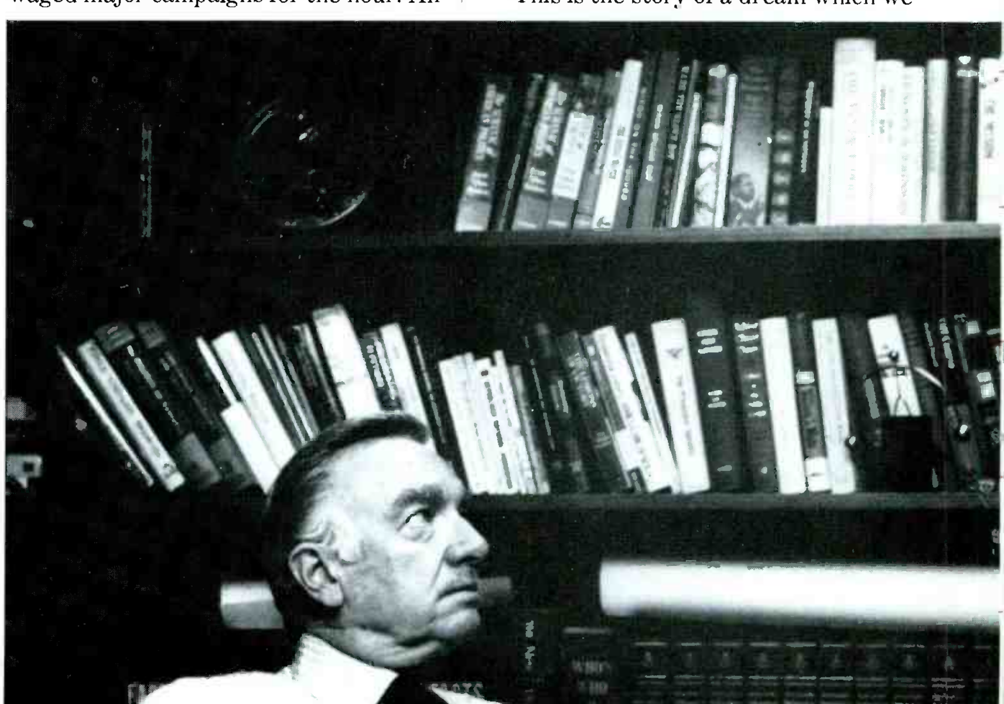
The Prime Time Access Rule (PTAR), adopted by the FCC in 1971, gave affiliates more ammunition and was another nail in the coffin. It opened a half-hour each night, Monday through Friday, to local stations in the top 50 markets. PTAR allowed them to carry network news from 7:00 to 7:30 P.M. if they preceded it with one hour of local news. At 7:30, they could carry their own programming for a half hour. PTAR was designed to enhance program production at the local level. Some saw it as a promise to give us the Guarneri Quartet. Instead we got *Wheel of Fortune*.

Since 1976, all three networks have waged major campaigns for the hour. All failed. Some have tried to compromise at 45 minutes, with no luck.

One of the most persistent voices was the influential Walter Cronkite, who in speech after speech pointed out the inadequacies of a nightly 22-and-a-half-minute news hole for viewers who were getting most of their news from television.

In 1981, CBS tried again to find a solution to this endless courtship by designing an hour-long newscast affiliates would be compelled to carry. Bill Leonard, then the news president, asked me to write a proposal to deal with the problem. When I read the first paragraph today, I blush at my innocence:

"This is the story of a dream which we



Cronkite and the author in 1977: The story of a dream that may never come true.

hope can come true. It is the story of a two-tiered, one-hour *CBS Evening News*. By two-tiered, we mean this: all stations take the first half hour. Those who wish take the second. Our goal: to prove by performance . . . that the second half hour will be one that simply cannot be missed." I proposed various departments in the program, such as *Newsmakers*, *Big Event*, *Moyers Journal*, *The Business Beat*, *Science and Health*, *Consumer News* and *Your Turn*, an op-ed of the air.

The story was released to the press and the first returns promising. Tony Schwartz had a front-page piece in *The New York Times* headlined: "CBS Will Expand Nightly News to One Hour." "It's our anticipation that we'll be able to offer an hour," said Jim Rosenfield, executive vice president of the CBS Broadcast Group. "I think we've finally crossed the Rubicon but we're still not in Rome," said Bill Leonard.

But when the network troops returned from an affiliate board meeting in Maui where all this was being considered, they recounted a bloody, heated confrontation. The affiliates saw the plan as a ruse: If word got out that they might not take the second half hour, particularly if it were any good, they would face local community pressure, and pressure from the press, to take it. Explaining why they would not carry it could be awkward. Certainly, their attention to the bottom line would not serve as an explanation.

In April 1982, surrender came in a wire sent to the general managers of CBS Television Network Affiliates from Tony Malara, general manager of CBS Television Network, and Jim Babb, chairman of the CBS Television Network Affiliates Advisory Board:

"The CBS Television Network and its Affiliates Advisory Board agreed today to defer further consideration of plans to expand the *CBS Evening News*. In making the announcement, the network and the board pointed to the recent expansion of the *CBS Morning News* and the forthcoming introduction of the overnight news as evidence that they expect to continue to work successfully together toward strengthening their total informational services."

Many believe the opportunity for an hour-long network newscast was missed in the early 1970s. The networks had the overwhelming share of the audience then; electronic news-gathering had not yet arrived, and local stations were only rarely covering the big national and international stories that they do today. CNN was still a decade away.

Only one network needed to make the move; the other two would automatically follow. That network could have been CBS. It had Cronkite, then dominating the ratings and pushing hard for expansion. It had the feisty and caring Dick Salant running news. And it had Bill Paley and Frank Stanton, who proved their dedication to news time and time again. Yet, it never happened.

Today, the chances for any expansion of network news seem bleak. The long network-affiliate courtship has lost its passion. All of the dynamics that played in the past have intensified. Ted Turner's CNN, Independent Network News and CONUS now provide alternatives for a local station. There are some who believe that in the 1990s a network news operation could be like an electronic Associated Press, an expanded newsfeed to affiliates who will do their own national newscasts. Perhaps that is what Larry Grossman, president of NBC News, had in mind when he suggested in February something called *Newswheel*, a blend of network and local news in one program.

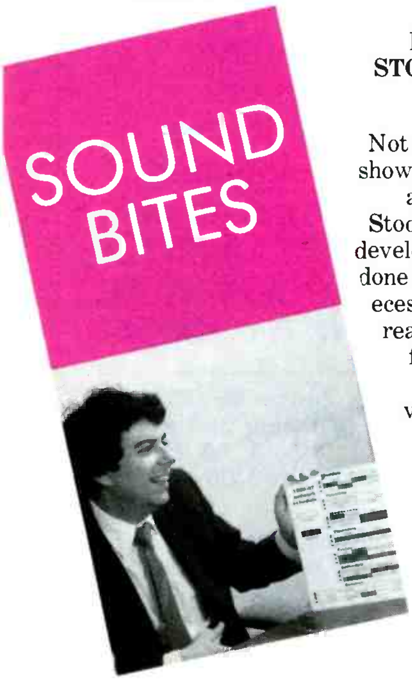
What would it take today to convince affiliates to give up a half hour of local time for an expanded network newscast? Nothing short of a major national crisis, according to Herbert J. Gans, a Columbia University sociologist and television news observer. In a 1980 article he wrote for *The New York Times*, Gans said no minor-league crises, such as ghetto uprisings, antiwar demonstrations or Watergate, would move people enough; the catalyst, he asserted, would have to be a "national slump with Depression levels of unemployment and poverty."

Then, prophetically, he said: "There is a possibility that old-fashioned economic growth will return before long. In that case, the half-hour news program Dan Rather is about to inherit from Walter Cronkite may remain unchanged until he himself reaches retirement age in 1996." ●

A Media Seer Divines the Fall

From the season's sleeper hit to agency merger mania, adman Arnie Semsky reviews the changing television landscape.

From his perch in the top media spot at Madison Avenue's BBDO, Arnie Semsky has a unique and firsthand view of the business of television. He's been tracking the advertising and communications industries since 1970 in various capacities—first in the media research department at Kenyon & Eckhardt, then as vice president with Grey Advertising and finally at BBDO, where he now holds the post of executive vice president, director of media and programming services. On the heels of the networks' fall schedule announcements, Semsky sat down with the editors of Channels *to talk about the many changes and challenges both television and the advertising business face today. Following are excerpts from that conversation:*



BRANDON STODDARD'S DEBUT

Not all the ABC shows for the fall are Brandon Stoddard's. The development was done by his predecessor, so they really don't reflect on him. But he was very impressive in his presentation to the agencies and showed a sensitivity to the advertising community that really only NBC had been doing recently. I thought he made the best presentation of the three networks. He is personally impressive. He did the same thing for ABC that Grant Tinker did for NBC, which is to give both the creative and the advertising community a sense of confidence that there is somebody at the helm who understands what they are doing, is a real professional and will probably get the job done. And he has a good track record.

NETWORK PROGRAMMING TRENDS

The success of *The Cosby Show* and *Family Ties* suggests there's a general feeling in this country toward more positive family life, and we see that in the new programs, although not in the traditional way. We have orphan families, working-woman families, policemen-with-children families, policemen-with-karate-helper families. There are also quasi-family shows. *Starman* is a family show; *Kay O'Brien, Surgeon* is going to create a family, an ensemble around the lead character. But it's all about family—that's the predominant trend.

WINNERS AND LOSERS

NBC will probably continue to lead, but ABC will probably give CBS a real run for its money. The gap between the three will be much less than it was last season. CBS will need some strong new hits to hold on to second place. I think NBC's popularity today is due to its having captured ABC's audience of the '70s. Those same people who liked *Happy Days*, *Laverne and Shirley* and shows of that ilk have gotten older and now like *Cheers*, *Cosby* and *Hill Street Blues*. I think, in a way, ABC is trying to go back to its roots, but with a bit more quality than before.

The show that got the most acclaim and rooting interest at the advertiser screenings was ABC's *Sledge Hammer!*, almost because it's a kind of camp show. It reminded us most of *Soap* in its outlook and its approach. It's basically about a larger-than-life policeman, and if you look at the schedule, there are so many policemen, it's about time we have a larger-than-life one. The question is, how long will the humor sustain, and how well will it do in that time period, given that it's opposite *Miami Vice* and *Dallas*? Who knows? I think the most interesting show, other than *Sledge Hammer!*, is a show called *Head of the Class*. It stars Howard Hesseman, from *WKRP*, as a teacher with a class of kids who have an average IQ of about 180 but are kind of social outcasts, and what he teaches them about how to get along with people, how not to be a nerd. It's *Welcome Back, Kotter* in reverse.

CAP CITIES AT ABC

The most obvious influence of Capital Cities on the new schedule is *Our World*, produced by the news division, which they've put opposite *Cosby*. Cap Cities does believe in reality-based programming, and they felt any entertainment program at this stage of *Cosby*'s popularity would do badly. So they decided to do something classier that's also a lot less expensive to produce. I think Cap Cities is going to spend their money in programming and sales while economizing everywhere else. Capital Cities is local-sales oriented, and in local sales you don't sell by day-part; you sell the entire day's lineup with one salesman, who tries to

JILL LEVINE

'The new programs are all about family. We have orphan families, working-woman families, policeman-with-karate-helper families . . .'

create the proper mix for the advertiser from daytime, late night, prime time, sports, news. There's an opportunity for the networks to sell that way now. As an advertiser who's interested in a certain audience for a certain product, I'd rather not have to buy the network piecemeal; I'd rather be able to buy everything I need from a network at once.

PROGRAM SPONSORSHIP

We've always been active in program development and still are, for certain clients. We've found the networks to be highly receptive these days to advertiser-produced-and-sponsored programming. In some cases, it represents money they wouldn't otherwise be getting. But more and more there are going to be advertisers who react to the 15-second spot by sponsoring whole programs. We'd like to see hour dramas that could be sponsorable come back to television. Anthology drama, if it can be made to work, would be ideal for sponsorship. Advertisers would like to get back to sponsorship so that they could control their environment. But also you can build in promotions before the telecast, so that the commercials become an event in themselves.

PRICING TV COMMERCIALS

A factor in what the networks charge for television may be the efficiency of the operation. If Cap Cities can operate more efficiently than CBS, and they both pay the same for programming, theoretically it can offer better rates. I believe GE bought RCA and Capital Cities bought ABC to operate them more efficiently and therefore more profitably. If that's done, they can offer better rates. Some of us feel that with the annual rate increases over the last few years we've been paying for the excesses at the networks. If you can run your operation better, you can be more competitive.

AD AGENCY MERGERS

There is a genuine concern that when ad agencies merge on the scale we're seeing now, they become more bureaucratic, and creativity suffers. But my view is that creativity and money go hand in hand. If you want to make a lot of money, you'd better have great creative. And if you want to have great creative, you better make a lot of money. In our case, with BBDO Worldwide, it's business as usual, with more emphasis on multinational-client prospecting. We know that what got us where we are today is creative. You never want to let bureaucracy overwhelm your creative. In these mergers, all of us—Saatchi, InterPublic, BBDO—are trying to liberalize the client-conflict issue. We think there is room for handling multiple clients in the same field. The Japanese agencies do it without compromising any client.

THE STATE OF CABLE

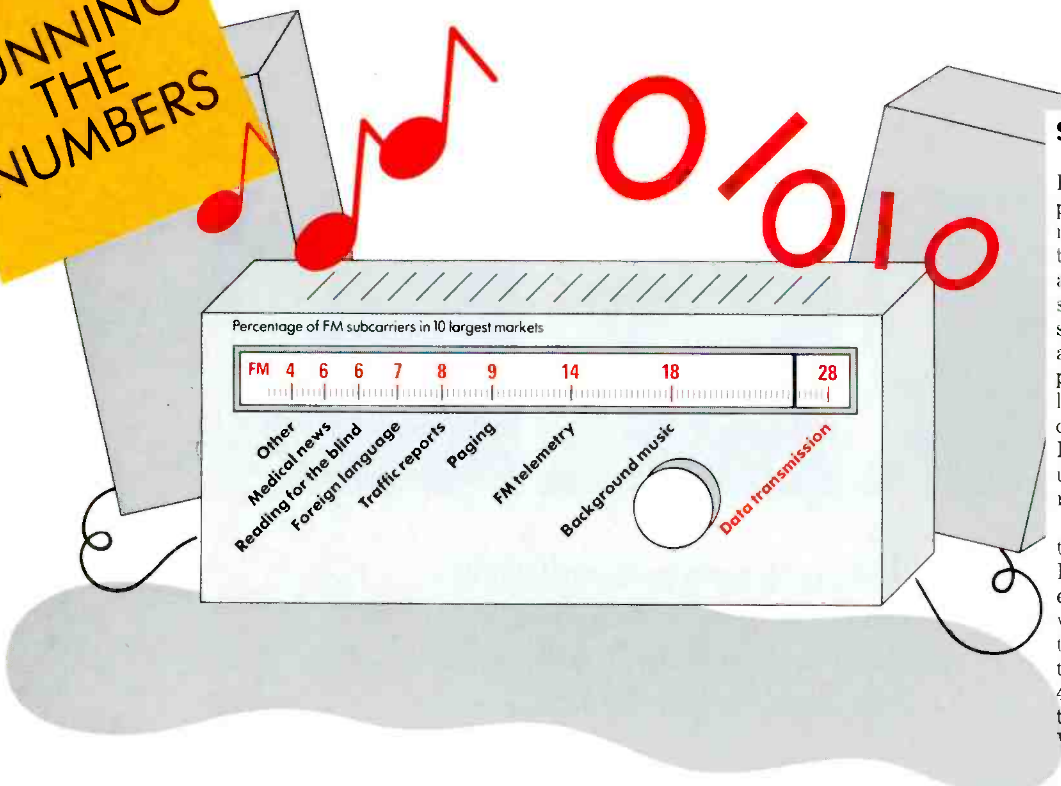
In my view, cable is doing just fine. Sometimes I'm amazed that cable is able to generate $600 million in national ad revenues with the largest cable network having only 40 percent coverage of the country. We buy cable primarily for its environment, for the audience you can associate with and the fact that you can reach them frequently and efficiently because the out-of-pocket is fairly low. We will continue to increase our use of it over time, especially as our target audiences get more selective. "Narrowcasting" is not a word in vogue these days, but narrowcasting is the reason that cable was created, and ultimately, I think, will be its future benefit.

The negative is too much promise, not enough practicality; a woeful job in marketing locally, which is where the real strength of cable will be. I'm glad there are 20 networks selling to us, but that's probably a few too many. We'd like to see consolidations. There's too much research and there's too much worrying about a 1.3 versus a 1.2, and not enough worrying about the bigger picture.

THE HEALTH OF THE NETWORKS

I think they are in their most competitive time ever. They are still the primary vehicle and they still have the best advantage in terms of programming and distribution and smarts of anybody around. They need to do more planning—not lofty, strategic plans, although obviously they're important, but short-range planning. I think the next couple of years are critical. Financial interest and syndication are their real opportunity areas. If the networks could own a piece of the properties they're putting on, their relationship with producers and their role in syndication would be different. And their ability to compete with these other entities would be strengthened. They've been doing things in a set way for 35 years, and now they have to adjust. They don't have the people who give you the same sense of confidence that they did in the past. That's one of the reasons NBC did so well as soon as Grant Tinker got there. Because there was confidence there. I remember the clients feeling the network was a good place to go to get advice. Today, I think, they're viewed more as just another media vehicle. ●

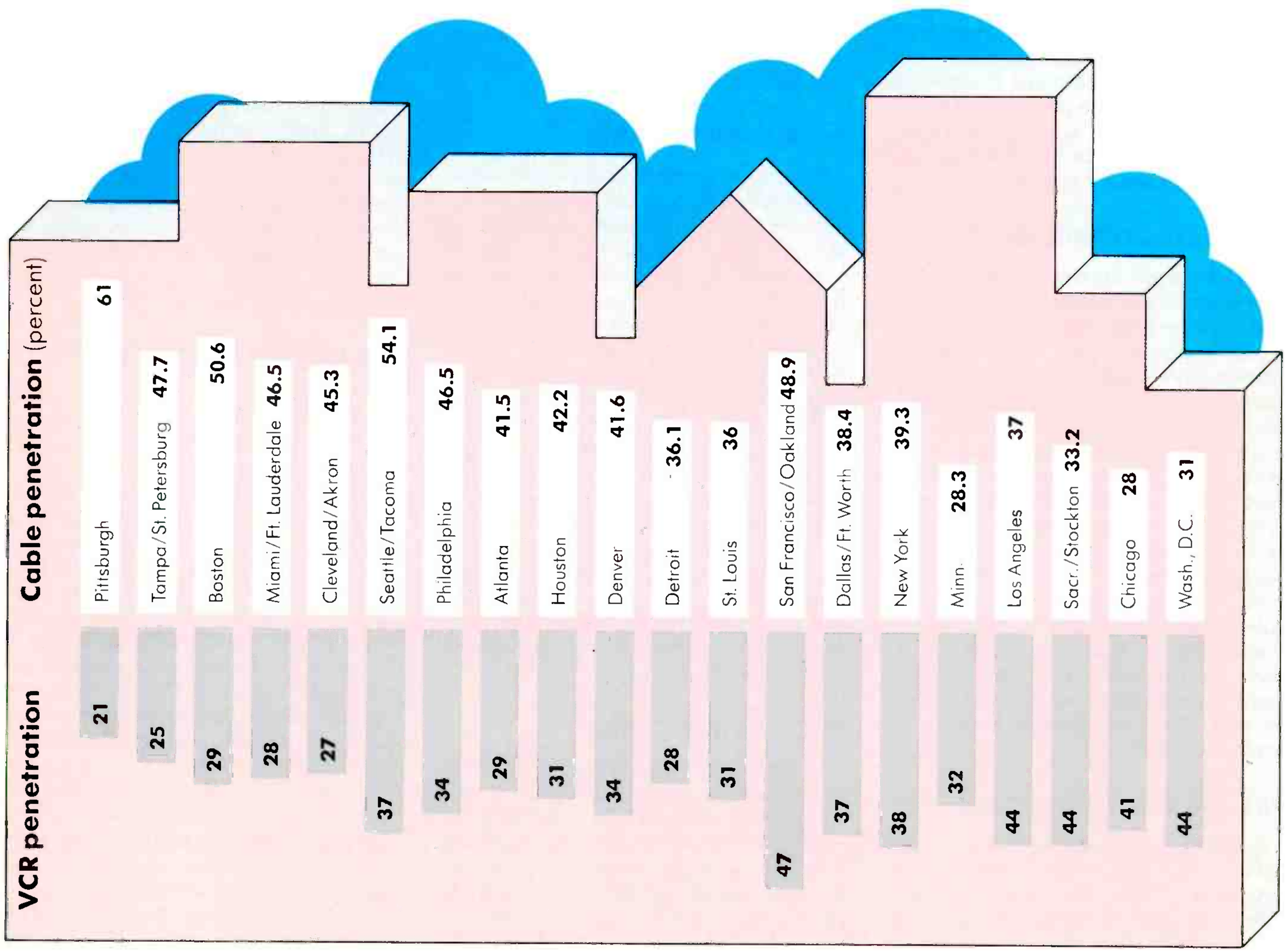
RUNNING THE NUMBERS



STOWAWAYS ON FM

Data communications has surpassed Muzak-type background music as the number-one user of the subcarrier frequencies that are broadcast along with FM radio stations' regular programs. To send stock market data over the air to subscribers' personal computers, for instance, the stations lease out their subcarriers to such companies as Lotus Information Network, whose customers pick up the signals with combination radio-modems.

Subcarriers are also used by the German radio manufacturer Blaupunkt to activate specially equipped car radios so the drivers will hear traffic reports. And there's room for more applications—even in the top ten markets 42 percent of FM stations leave their subcarriers unused. (Source: Waters Information Services.)



CHARTS BY ELLIOT BERGMAN

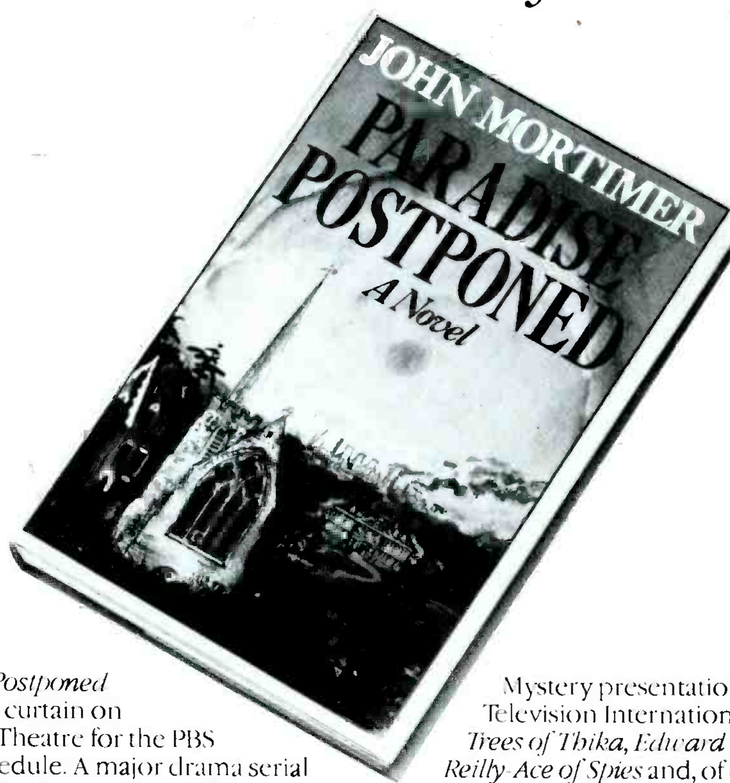
CABLE TOWNS, CASSETTE TOWNS

There must be many reasons why only 21 percent of Pittsburgh-area households have videocassette recorders while 41 percent do in Chicagoland, but one big reason would seem to be cable. Families that already have cable's programming selection presumably are slower to feel the need for VCRs. As shown here, those top 20 markets where cable got a head start, like Pittsburgh, tend to have lower VCR penetration than cities where cable has been delayed, like Chicago. (Sources: A.C. Nielsen February 1986 surveys, D'Arcy Masius Benton & Bowles.)

Thames Television International Presents

PARADISE POSTPONED

A NOVEL FOR TELEVISION BY JOHN MORTIMER



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

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

THAMES
INTERNATIONAL

the world is watching

PARADISE POSTPONED
AN ELEVEN PART DRAMA FROM EUSTON FILMS

Written by John Mortimer

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

Executive Producers Johnny Goodman and Lloyd Shirley

Produced by Jacqueline Davis

Directed by Alvin Rakoff

Thames Television International, 149 Tottenham Court Road, London W1P 9LL, England. Tel: 01-387 9494

U.S. Representative D. L. Taffner Ltd., 31 West 56th Street, New York, N.Y. 10019, U.S.A. Tel: (212) 245 4680