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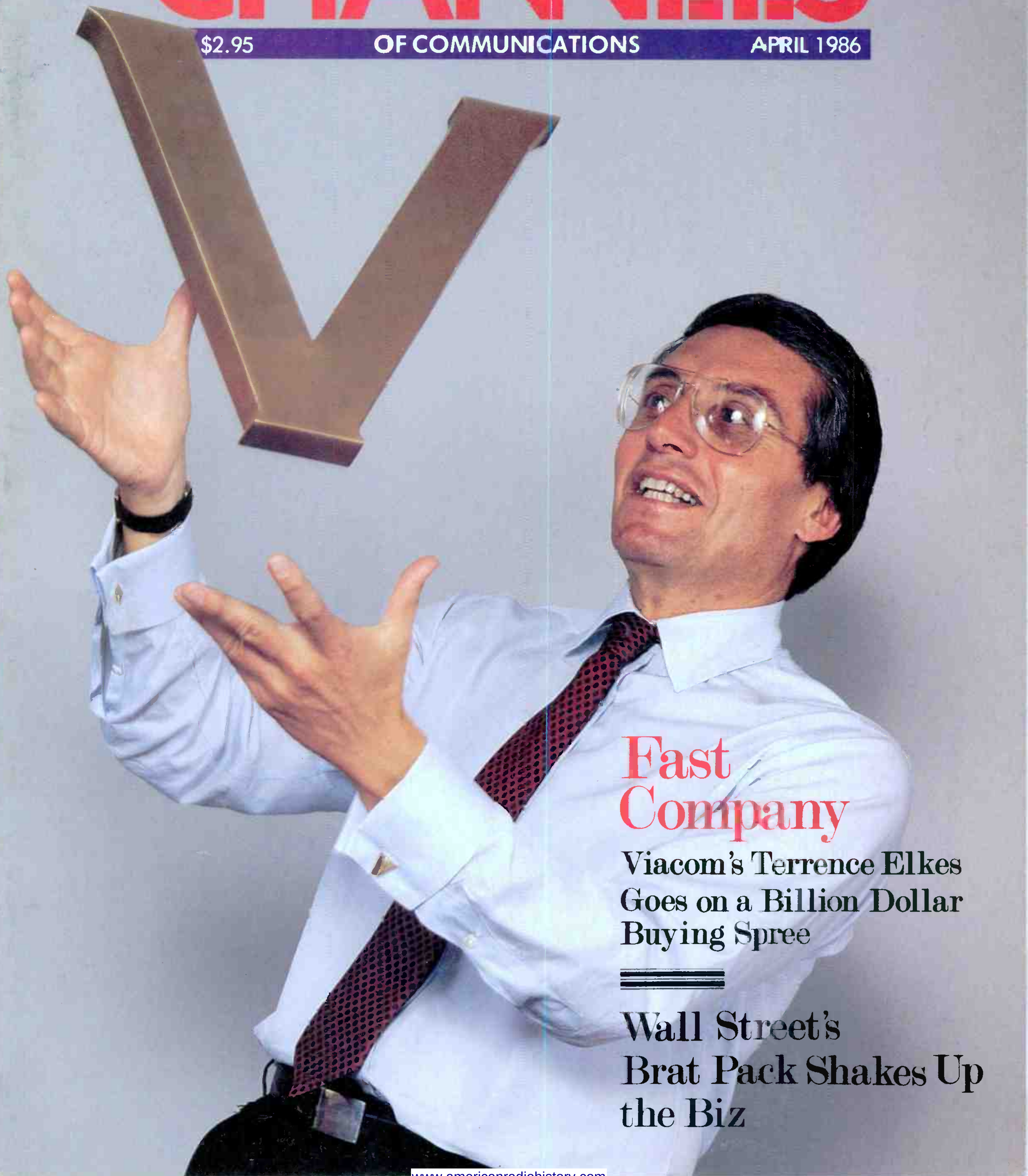

Fast Company

Viacom's Terrence Elkes Goes on a Billion Dollar Buying Spree

Wall Street's Brat Pack Shakes Up the Biz

Source: Nielsen NTI (SON), calendar year 1985

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VOL. 6, NO. 1 APRIL 1986

Cover design by Walter Bernard and Milton Glaser, WBMG Inc. Cover photo: Joyce Ravid.

EDITOR'S NOTE

The Once and Future Medium

By air, Caracas is only four and a half hours from New York, closer than Los Angeles. With its massive high-rise buildings and webs of perpetually clogged superhighways, it somewhat resembles another modern city that was built on oil: Dallas. But those details are deceiving. When you visit Venezuela on matters of television, you find the miles between North and South America to be far greater than as the crow flies.

With four broadcast networks operating and an over-the-air subscription television service in prospect, Caracas is at a distance of years—if not decades—from where we are in the United States. So when I was asked to open the exceedingly well organized First Latin American International Video Festival there with a speech on "The Future of Television," I had more than the usual qualms about the topic.

My bailiwick as a journalist has always been the present. The future is as mysterious to me as to anyone else. And when I am asked to play at prognosticating, I need to know whether we are talking about the near future (roughly the next five years), the middle future (10 or 15 years hence), or the far future (beyond the 21st century). These future tenses of television are not the same everywhere on the globe; what happens in Caracas over the next five years will not match what happens in Dallas.

But what I had regarded as a problem turned out to be a solution: The near future for our television represents the far future for Venezuela's. In my address, I had only to describe what was happening today in North America to portray what might be in store for Latin America some years from now. It occurred to me that I had actually seen Venezuela's television future—an aspect of it, at any rate—because we have already traveled that road up north.

The flock of manuscripts for this issue of *Channels* that greeted me on my return gave me a powerful sense of the true distance I had just traveled. While the media professionals in Caracas are just beginning to experience the reinvention of television by technology, we in this country have already advanced from that phase to the redesign of television's landscape by businessmen and financiers in a largely unregulated marketplace. All the activity today in trading and consolidating media properties, inspired as it frequently is by the vision of single corporate leaders, indicates that we are clearly in a period of financial rugged individualism.

Meryl Gordon, in her lead article, "Fast Company," profiles one such gutsy individualist, Terrence Elkes, who, in the brief time he has headed Viacom, has swiftly built it into one of the most formidable companies in the media field. In "Wall Street's Brat Pack Shakes Up the Biz," John F. Berry introduces us to the investment bankers who engineer the takeovers and acquisitions that are creating turmoil in televisionland. Many of the biggest deals were achieved by young people who have found new ways of trading broadcast properties. Our "In Focus" report provides a comprehensive look at how television has affected sports over the years, and how sports are now changing television.

One of the safest predictions to be made, whether here or in Venezuela, is that the reinvention of television will continue well into the far future.

Les Brown

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HOPE DIAMONDS

ELEVEN BOB HOPE MOVIE GEMS

Journalism Lives

It is true that there are many radio stations around the country that share WHTZ's attitude toward the news ["My Favorite South Africa Jokes," January/February]. But this fact doesn't call into question the legitimacy of the medium itself. If Jeffrey Wolf had just moved his radio dial he would've heard WOR-AM, WCBS-AM, and WINS-AM—radio stations where reporters still pound the pavement in search of stories, where issues of public importance are still examined in detail, and where the ideals of Edward R. Murrow shine as brightly as any place in American journalism.

Jim Forsyth
Wheeling Broadcasting Company
Wheeling, West Virginia

Optic Illusion

I enjoyed the new *Channels Field Guide* and find that it provides a very interesting summary of the various media technologies. But I would like to draw your attention to an error in your fiber optics article. You said that "no cable franchise has yet offered to run optical fiber into private homes." In fact, over 7,000 subscribers in United Cable's Alameda, California cable system have dual, multimode fiber wire running into their homes. The system is fully operational. However, as many multisystem cable operators have found, the cost for these highly advanced dual cable systems has exceeded the realizable revenue, regardless of whether the medium is optical fiber or coaxial cable.

Richard T. Kearns
Times Fiber Communications Inc.
Wallingford, Connecticut

Bad time for Bonzo

Jay Rosen's clever article on Reagan and television ["The President Who Wasn't There," January/February] repeats a few familiar arguments for the President's puzzling popularity, but the arguments do not explain why tens of millions of people have never for a moment been taken in by Reagan. For us, television is indeed the ideal medium to expose the man's blatant emptiness, selfish stupidity, manipulative posing, and greedy fawning. We judged those truths to be self-evident, for they came across clearly on the tube.

Paul B. Wiener
Stony Brook, New York

Tinker Talk

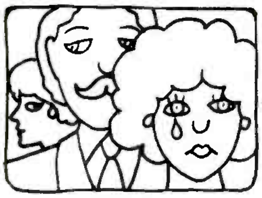
L. J. Davis's cover story, "How Grant Tinker Brought NBC Back from the Dead" [January/February], was read with great pleasure by all of us at 30 Rock. Davis did a fine job of explaining how Tinker's standards and style have changed NBC for the better. There are two factual errors that should be corrected, however. Timothy Russert was hired by Lawrence Grossman, not by Thornton Bradshaw. And Frank Magid wasn't a Grossman "import." He had been retained as a consultant by NBC Research before Grossman was made president of NBC News.

M.S. Rukeyser, Jr.
NBC
New York City

Satellite Feedback

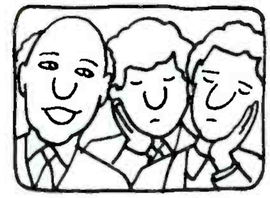
I just wanted to tell you how much I enjoyed the January/February issue, particularly "The Public Eye" and "Syndication's New Superteam." While you are forced to write about subjects that are well covered by others, you continue to do so with a unique insight.

Harlan J. Rosenzweig
Group W Satellite Communications
Stamford, Connecticut


SOAP

"GO FIGURE!"


MINI SERIES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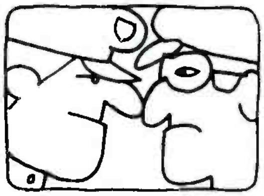
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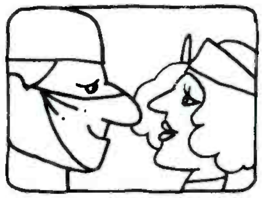
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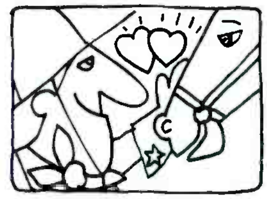
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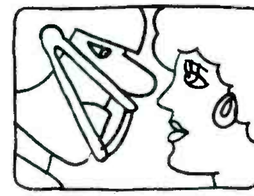
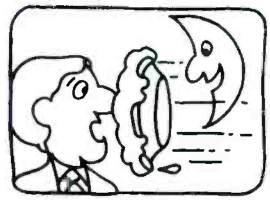

FOOTBALL:
MICHIGAN VS. VASSAR

EARLY NEWS

LATE NEWS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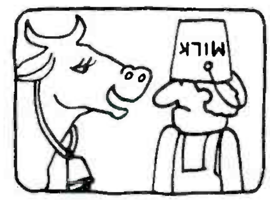
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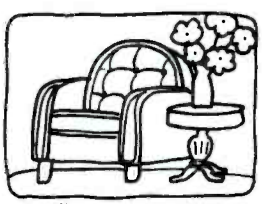
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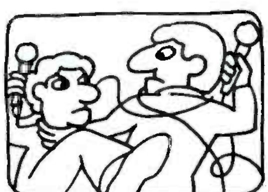
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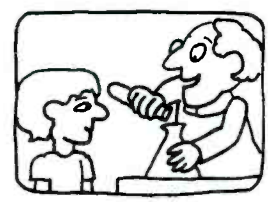
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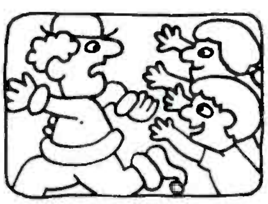
KID VID


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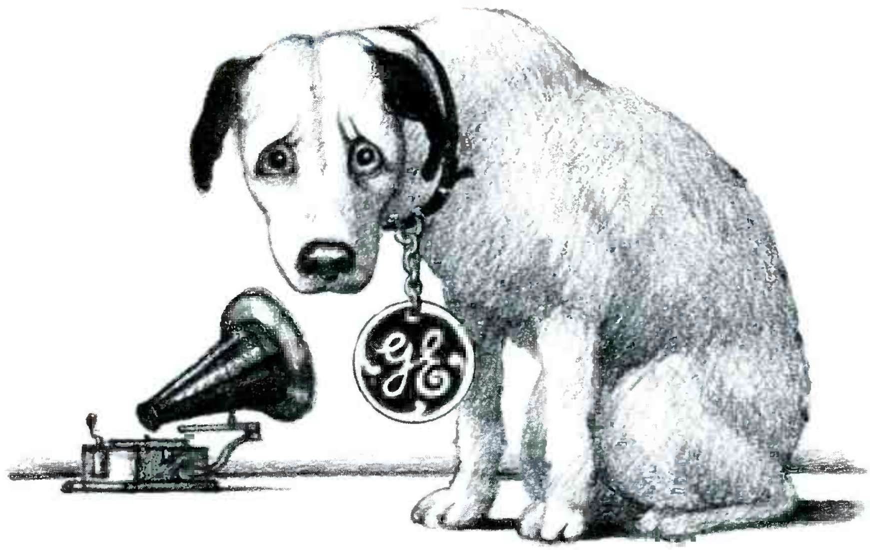
GOINGS-ON BEHIND THE SCREENS: TOPICAL MONOLOGUES AND SKETCHES

TALK SHOW



RCA: THE FINAL ACT

Promptly at 11 A.M., on Thursday, February 13, RCA chairman Thornton Bradshaw strode up to the podium in the "grand ballroom" of New York's Marriott Marquis Hotel. He looked to be a very solid 64-year-old in half-glasses and a gray suit. Bradshaw extended both arms and gripped either corner of the lectern. He looked braced; he *was* braced. He was about to formally propose to shareholders that RCA, the 67-year-old company that symbolized for several generations of Americans the marvels of the electronic age and the glowing promise of the future, merge with and disappear into a vastly larger company, General Electric. Bradshaw was still explaining the meeting's ground rules when he was interrupted for the first time.

"Point of order! Point of order!" This from a middle-aged shareholder who identified himself as George Sitka.

"You're out of order," the chairman scolded.

"*You're* out of order!" Sitka shot back. "This is supposed to be America, Mr. Chairman, not Russia!" From the crowd of a thousand or so, many of them pensioners in overcoats and hats, came scattered shouts of encouragement, applause, motions for adjournment. Another angry shareholder rose, and another. RCA's last shareholder meeting, it was clear, would honor a long history of tumultuous encounters. Bradshaw, suddenly the embattled authority figure, bulled onward. After introducing the board of directors—boos for CEO Robert Frederick, cheers for NBC head Grant Tinker—he finally began reading, slowly and almost grandly, from his brief speech. He pushed on through boos and catcalls, like a stoical trouper putting on *Romeo and Juliet* in a frontier town. "It is good for our country," he intoned.

"And good for you and your golden parachute!" shouted a heckler in the rear.

Once the speech dragged to a conclusion, the shareholders got their day in court. Outraged citizens of the RCA republic denounced both the merger and the chairman in more or less scurrilous terms. "We're being raped!" declared a retired physician from Scarsdale. "You're just selling us out."

At this point Bradshaw may very well have been thinking, "*Selling us out*?" During his tenure RCA stock had more than quadrupled in value. He had bargained GE up to $66.50 a share before agreeing to the merger. Here he drops a pile of money in the shareholders' laps, and they call him a quisling. What was going on?

A few speakers said that RCA had been sold cheap. A great many others objected that they would be paid off with cash rather than GE shares, subjecting them to sizable capital-gains taxes. And then they would have no shares at all. RCA had, in effect, forcibly retired its owners, albeit with a large severance pay. The metaphor of marriage was mentioned more than once; perhaps many of the shareholders thought they had signed on for love, when in fact it was only a matter of money. "I guess," said one retired RCA employee, "it's a question of whether you vote your heart or your pocketbook." He, and most of a group of 40 others he represented, had chosen to vote their hearts.

One stockholder after another rose to announce that he or she would vote against the merger. As the afternoon wore on it began to feel like a draft-card-burning session. But since the institutional investors, pension fund managers, and the like who control most share proxies had already inevitably voted for the management position, the irate shareholders were simply enjoying one last hurrah. Many

ILLUSTRATIONS BY ROGER ROTH

had owned RCA stock their entire adult lives; watching the company grow and prosper, then falter and return once again to health, they must have taken comfort from the thought that RCA, and their investment in it, would outlast themselves. They had been, it turned out, naive.

JAMES TRAUB

THE BUDDHIST LION

Only, perhaps, in the secluded precincts of cartoon programming can a profound philosophy creep into television and remain undetected. And so *Leo the Lion* slips by unnoticed. At first glance *Leo*, which appears every weekday on CBN, seems to fit well enough in the flattened world of heroes and villains that American television deems appropriate for children. But Leo is a beast of a different order. The creation of Dr. Osamu Tezuka, a man often, if inadequately, called "the Japanese Walt Disney," this 20-year-old cartoon series expresses a philosophy both personal and ancient. I think of it as Buddhist humanism.

Leo, his mate, and two cubs live in and rule over a portion of African jungle. Leo, who grew up in civilization and can speak the human language, has repealed the law of the jungle. The animals in his kingdom do not kill, but try to live in harmony; most of their trouble comes from outsiders. Both are typical Japanese attitudes.

The first episode I saw was about a wild dog named Rik. Forced from the leadership of the pack, Rik vows to regain his authority by killing Leo. He collapses on the edge of Leo's jungle and is rescued by Leo's cubs. When the other animals stone Rik for his murderous past, the cubs shield him with their own bodies. "If you won't give him a chance to defend himself," one declares, "then you're behaving as badly as you say he is." Later, when another plan to kill Leo backfires, Rik protects the cubs at the cost of his own life. The story comes full-circle as the crying cubs proclaim the dead Rik the greatest of the wild dogs.

Death is such a taboo in American cartoons, but in *Leo* it is faced squarely. Take the story of Amelia, an aviatrix who crashes in Leo's jungle. Lily, her pet leopard, reverts to her wild state, attacks her former mistress, and runs off. When Lily attacks Leo, Amelia is forced to shoot her pet—her final act before dying of an infected wound.

The ultimate source of *Leo*'s singular attitude is Tezuka's own philosophy. Tezuka infused his own work with a holistic ethos unheard of in cartoons, Japanese or American. Interspecies communication and cooperation may be a plot device of Western animation, but Tezuka takes it seriously. This Oriental sense of ultimate harmony fosters a perspective on life and death that transcends mere pathos. In one episode Leo, thinking that he has accidentally killed a friend, offers himself as a sacrifice to a giant crocodile. In one of Tezuka's comic-book versions of the story, Leo, trapped with his former owner in a mountain blizzard, kills himself so that the man may survive by eating his meat. The Buddha is said to have done the same in earlier, animal incarnations.

In a culture where reincarnation, not resurrection, is the dominant mythic image, it's quite sensible for Leo's son to say that "death must be a good thing, too, in its proper time and place." It is a reminder, as Leo notes, that we should cherish life.

I cherish *Leo*. I hope the programmers at CBN don't take umbrage on learning that they've been broadcasting a philosophy so different from the Judeo-Christian one.

PATRICK DRAZEN

THE PICNIC AT BLACK ROCK

Everything is absolutely fine at CBS, reports Gene Jankowski. And who would know better than Jankowski, who, as head of the CBS Broadcast Group, effectively

runs the network? A lot of folks—mostly in the press, he says—have been worried about the network. In the last year, after all, CBS had to spend $955 million to buy back its own stock after Ted Turner attacked the home ports; NBC ended the network's six-year reign as prime-time ratings champ; prominent members of the news department, the core of CBS's tradition and pride, staged a virtual revolt against management; and the corporate board was rumored to be pushing chairman Thomas Wyman towards the gang-plank. Nineteen eighty-five was the worst year in recent history at CBS. Jankowski even goes so far as to call it an "unusual year." But everything's back to normal now. "Large organizations are like families," he explains, hazarding a homey metaphor. "There's always a certain ebb and flow in relationships."

So much, then, for temporary irritants. But what of those long-term changes that broadcast savants descry? In the course of an hour-long chat in his large Sixth Avenue office, Jankowski deflected all ominous portents, all suggestions of change, with the agility of a hockey goalie. Was he concerned about the declining three-network share of the audience? Share, Jankowski explained, doesn't matter. "Television is a circulation business," and circulation—total viewership—is up. Doesn't the multiplicity of program choices place a special burden on broadcasters to devise unconventional shows? Quite the contrary. "What we're looking at this year is what we look at every year: Where are the weaknesses and where do we need improving?"

Jankowski is a man of moderate size, with a slightly weathered face under a silver-gray wave of hair; he sits without fidgeting and speaks without gesturing. As he defended and extolled

LOST EMPIRES

adapted for television by Ian Curteis from the novel by J.B. Priestley

produced by June Howson
directed by Alan Grint

starring Colin Firth, Carmen du Sautoy, Brian Glover
and John Castle as Uncle Nick
with special guest stars Laurence Olivier, Pamela Stephenson, Alfred Marks,
Rachel Gurney and Lila Kaye

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Lost Empires has been acquired for the USA by WGBH Boston and will shortly be seen on *Masterpiece Theatre,* made possible by a grant from Mobil Corporation

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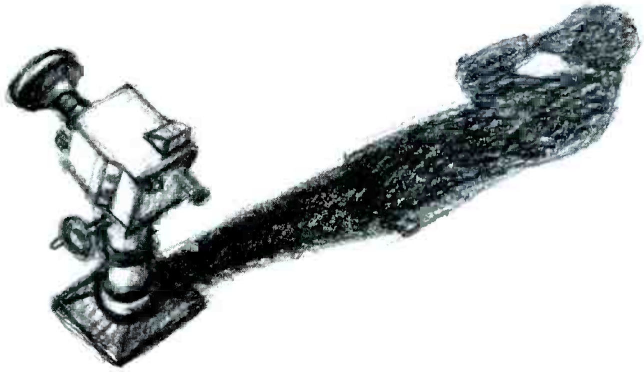
CBS's record he frowned only rarely and smiled but twice—once at mention of the turmoil at the network across the street, ABC. And once, when he heard the words "budget cut," he interrupted. CBS, as he expressed it, was undergoing not budget cuts but "expenditure management." Cuts, he explained, eliminate money well spent, while expenditure management strikes only at waste. How, then, to explain the widespread misapprehension that the network must suddenly make do with less? That, said Jankowski, "is owing to what you read in the press."

J.T.

WHEN LIFE OVERTAKES TELEVISION



Television invades certain events so deeply that it routs their original purpose, leaving little but a spectacle composed for the camera. Consider, for example, the Oscars, which will be steaming dependably into the American home this month, as big as the *QE2* and twice as solemn. Oscar night's saving grace is that the show's galaxy of prima donnas have a way of tracking mud all over the pristine television script. Whether it's Frank Sinatra reading cue cards as if through a fog, or Sally Field whipping up a lather of *amour propre*, connoisseurs of embarrassment need never wade through the Oscars without at least a glimmer of satisfaction.

As it masters an event, television drains it of significance. When it loses the upper hand, paradoxically, the medium is often at its most powerful. This truth was never brought home so forcefully as during the last week of January, when the space shuttle *Challenger* exploded only two days after the Super Bowl. The latter, even more than the Oscars, is the apotheosis of television. This past year, NBC's three-hour pregame show had the vast proportions and sheer dead weight of those parades Third World dictators arrange to honor themselves. In an effort to raise the game to a transcendent plane, the network almost managed to make it an anticlimax. Anchorman Tom Brokaw even asked the President of the United States, in all seriousness, if he considered the Super Bowl a metaphor for our national life; it wasn't clear whether he meant the game or the show. The Super Bowl, it is true, was born in hype, but by now the hype has wholly engulfed the game.

When the shuttle exploded, in contrast, the networks' routine script, as well as our own complacency, was torn to shreds. Television and its viewers groped together—a very unsettling but also touching experience. In the first moments after the explosion ABC went live to its man at Cape Canaveral—and he could not find words to explain the inexplicable. He even mispronounced Christa McAuliffe's name. For once, television became a sympathetic medium.

With the momentary loss of its smug, all-knowing voice, television was reduced to its essence—the unmediated eye of the camera, trained on the event. What every American will never forget is the shuttle's grand, spreading rooster tail suddenly blown into a sickening circle, and then the trails of exhaust, which twisted away like roots as the debris scattered. Afterward, after it had regained its composure, television held our hand, soothing us like a doctor at bedside. But it was a vigil mutually kept.

J.T.

WILL WALL STREET SAVE THE HOUR?

Hollywood's near panic over the anticipated demise of the one-hour network show may, like the obituaries not long ago for the half-hour sitcom, be a bit premature. It's true that costs for one-hour shows have soared to such an extent that a network executive recently told producers at a major studio, "We're out of the one-hour business," and that Universal Studios *rejected* an NBC commitment for 14 episodes of a new hour-long adventure series. But there's hope on the horizon, and it's originating from Wall Street: Limited partnerships and public stock offerings may soon play roles in the networks' one-hour programs.

At the root of the problem is the fact that most hour-long prime-time shows cost a million dollars or more per episode. Yet the networks typically pay to the producer of such a show a licensing fee of as little as $750,000. This leaves the producer with as much as a $300,000 risk per episode. But it has been a risk most producers have been willing to take, in spite of the one-in-nine success ratio for new network shows, because of the vast returns a hit show can earn in syndication.

Now those risks—and the potential syndication bonanzas—may be shared with the general public and with limited partners who, if the plans of a number of Hollywood production companies come to pass, will provide the difference between what a show costs and what the networks pay.

The tensions between Hollywood and the networks over the financing issue boiled over recently when 13 producers sued ABC for $1.5 billion, saying they accepted the network's reduced license fees because they expected to receive federal tax investment credits that ABC is now claiming for itself.

Selling limited partnerships and making public offerings for a piece of a network show is a likely way out of this financial morass for both the networks and the producers. Certainly it is in the best interests of both communities, since the networks depend on hour-long shows to hold their audiences, and the producers depend on them to pay their bills.

P.A.


Columbia Pictures
Television
A UNIT OF THE Coca-Cola COMPANY
THE REAL GH


The Real Ghostbusters could end up being the hottest kids show ever, and since it is based on the original hit movie, the characters are immediately recognizable and already loved.
So get ready to boo-st your ratings. 65 episodes are already in production. And there's only one place to call to get The Real Ghostbusters: Columbia Pictures Television.
STBUSTERS
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ECTO-1

WHAT'S NEW AND NOTEWORTHY IN THE ELECTRONIC ENVIRONMENT

REPORTS

HOME VIDEO

King Arthur's Empire


Video Shack's Morowitz: from porn broker to video millionaire.

Arthur Morowitz doesn't spend much time cultivating a public image. He's too busy running one of the world's largest video empires, which generates an estimated $50 million annually from cassette sales and rentals. Morowitz owns the 16-store retail chain Video Shack, a wholesale tape-distribution operation called Metro Video, and a variety of video labels, including one that features X-rated films. In fact, Morowitz's career began as a peddler of 35mm porn films. He moved on to video in 1978, when he sold his first movie, an X-rated feature called *Inside Jennifer Welles*. Morowitz, who rarely grants interviews to the press, sat down recently with a *Channels* reporter to discuss the home-video business.

The beginnings of home video:
If we think back to the beginnings, there were two kinds of people in the video business: people involved in the X-rated field and people involved in piracy. So anyone who goes back to the early days has one or two parts of their history from those areas. I don't mean to characterize everyone that way, but that's a pretty fair statement.

Predicting the future of home video:
A long-term thinker in the video business sees ahead 90 days. Hollywood has not been know for its long-term thinkers. It's what's popular, it's what's faddish, and things change very rapidly. So it's hard to think long-term in this business. If you do, you're probably going to be right once and wrong a lot of times.

Cassette pricing:
I would like to see the industry settle on a more median price. I would like to see the high-priced product not go beyond $59, but I don't think that's going to happen. And I'd like to see the low-priced product stick within the $24 to $29 range. One of the things that hurts the business is when the customer sees a tape for $79 and one of similar quality for $24.

Advertising on cassettes:
I would have no problem carrying advertising on our wrestling cassettes, as long as the advertisements contain wrestlers. If you put a commercial in the middle of a movie, you may be doing something offensive, and I'd prefer not to see it. I don't think a viewer wants to go home, pop a cassette in a VCR, and then be subjected to what he bought the cassette to avoid.

When all the old films are released on video tape:
Because the vaults are exhausted doesn't mean you will make fewer sales. We probably have 10,000 or 12,000 titles

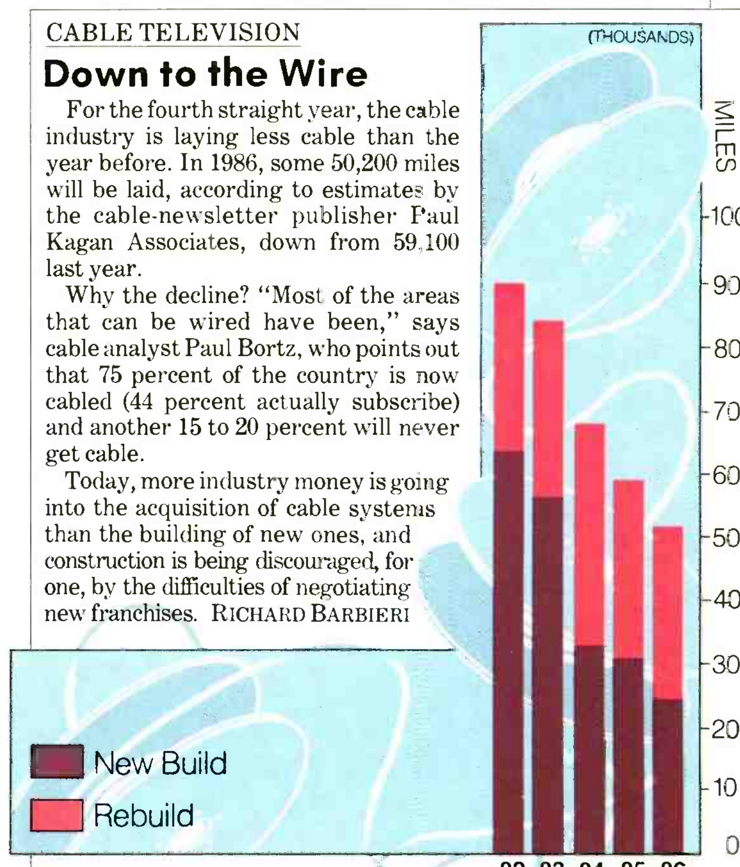
CABLE TELEVISION

Down to the Wire

For the fourth straight year, the cable industry is laying less cable than the year before. In 1986, some 50,200 miles will be laid, according to estimates by the cable-newsletter publisher Paul Kagan Associates, down from 59,100 last year.

Why the decline? "Most of the areas that can be wired have been," says cable analyst Paul Bortz, who points out that 75 percent of the country is now cabled (44 percent actually subscribe) and another 15 to 20 percent will never get cable.

Today, more industry money is going into the acquisition of cable systems than the building of new ones, and construction is being discouraged, for one, by the difficulties of negotiating new franchises. RICHARD BARBIERI



CHARTS BY MOFFIT CECIL

REPORTS

out there. I think the vaults contain substantially more than that. And let's say that everything was out tomorrow, everything that could possibly be released. The big key then is remarketing what we have. You have enough entertainment there to satisfy tremendous demand. I don't think you necessarily have to create additional theatrical releases. The big challenge will come when new-machine purchases start to slow down and we have to bring the old machine buyer back in to use our product. That will involve picking out the right products, the right formulas.

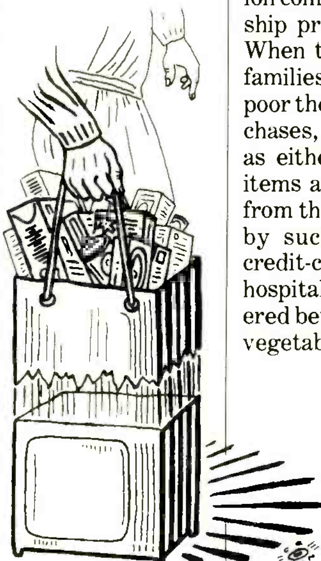
MARTIN PERLMUTTER

HOME VIDEO

War of the Mini

JVC streaks ahead in the war of the mini-camcorders with its tiny new unit, the GR-C7 (appearing in stores next month). JVC is billing its elfin wonder as "the world's smallest camcorder with recording and playback functions." That qualifier means it isn't smaller than Sony's paperback-sized 8mm unit, which has no playback function. It *is* smaller than Sony's larger 8mm camcorder, which weighs in at four pounds six ounces. The JVC unit, weighing two pounds 14 ounces, features auto focus, electronic viewfinder, and one-hour recording time on the midget VHS-C cassette, which is 40 minutes longer than on previous JVC models. The company accomplished that by slowing down the recording time to Super Long Play speed, but says the usual quality loss in that mode has been eliminated by the addition of HQ electronics. HQ stands for high quality and is the VHS equivalent of SuperBeta, the improved Beta format that made its appearance last year.

PETER AINSLIE



ILLUSTRATIONS BY BRIAN CRONIN

CABLE TV

HBO or Mighty Dog?

Americans are down on cable service, according to the National Family Opinion company. It's a price-value relationship problem, and it could be serious: When the firm asked more than 6,000 families to rate as good, average, or poor the value of various household purchases, 88 percent rated cable television as either "poor" or "average." Of 38 items and services, cable ranked sixth from the top of the "poor" list, worsted by such agonizing expenditures as credit-card charges, lawyers' fees, and hospital bills. What items were considered better buys than cable? Fruits and vegetables, poultry, and pet foods.

ALAN BURDICK

MOFFIT CECIL

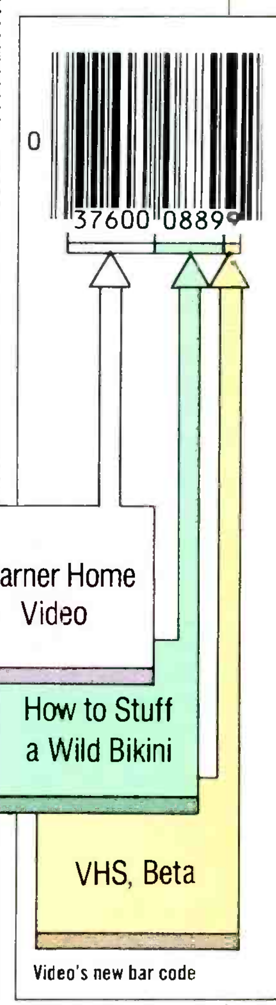
HOME VIDEO

Beating the Line

Those familiar thin vertical lines that have turned up on everything from tuna fish to Tanqueray are now cutting down on waiting time at the video shop. With the recent adoption of the Universal Product Code by the Video Software Dealers Association, savvy store owners have begun to zip light pens across a tape's bar code instead of delaying rental customers by tediously writing the titles in longhand.

Not only is the bar code more efficient, but it's a tangible symbol of the increasing mass-market clout of the prerecorded-tape business. Southland Corporation's recent decision to rent cassettes at its thousands of 7-Eleven stores would likely never have come about without the time-saving bar code, says a company spokesman. Bar codes keep track of a tape's title, its producer, and its format (VHS, Beta, 8mm, laser)—in fact, almost everything but credit-card approval. For that, customers on the run will still have to grit their teeth and wait.

R. B.



Video's new bar code

REPORTS

EARTH STATIONS

Latin Dishes

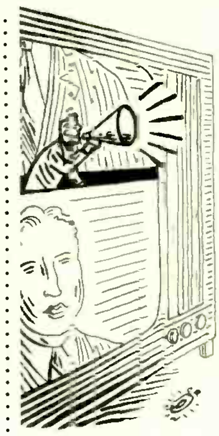
For years, stray signals from American- and Canadian-owned satellites have been raining down on Mexico, the Caribbean islands, and Central and South America. And for just as long, affluent citizens of the areas have been going to great lengths to pull down those signals. With oversized earth stations, they can watch many of the more than 100 North American satellite programming services for free. Never ones to overlook new opportunities, some two dozen American dish companies are pursuing the growing south-of-the-border markets.

Now, all those backyard dishes—estimates number them as high as 100,000—are causing would-be programmers to take notice. In addition to the Brazilian and Mexican satellites currently distributing Spanish-language broadcast-TV programs to the areas, three new high-powered satellites are scheduled for launch in the next year. One of them, PanAmSat, co-owned by Spanish International Network (SIN) chairman Emilio Milmo and Connecticut-based RFW Satellite Services, will lay down a Ku-band footprint that extends from Miami to the southernmost tip of Argentina. Despite an FCC administrative law judge's proposed revocation of its seven U.S. television licenses, SIN stands ready to lease PanAmSat transponders to Latin market programmers—and perhaps program others itself—once the bird is up.

Two more satellites, owned by Intelsat, the international satellite consortium, will hit South America as well. All three new satellites, beaming down high-powered signals, will presumably heat up the burgeoning Latin market even more, since the dishes to receive them are both smaller (two to four feet) and cheaper than the big, early generation parabolas. R.B.

PUBLIC TV

Ad Nauseam



Ever since Congress raised the specter of the Tidy Bowl Man turning up Backstage at the Met by allowing ads on public television, Washington policymakers have agonized over just how far to let program sponsors go in hawking their wares. Congress opened the door in 1981, permitting discreet corporate logos to identify underwriters. The FCC drove a truck through that opening in 1984 when it okayed the use of brand names, sponsor locations, and "value-neutral" product descriptions. Couched in PBS's soft-edged phrasing, "enhanced underwriting" didn't seem so bad after all.

What no one anticipated in all this was the commercial networks' decision to begin selling stand-alone 15-second spots and so-called "split 30s," in which a single sponsor pushes two different products in 30 seconds. Whereas advertisers unfold an array of testimonials and superlatives in the 30- and 60-second formats, they are finding that 15-second ads work best when they drive home a single impression, a single image, a single claim. As a result, the short-form commercials are beginning to resemble the pithy enhanced underwriting ads on public TV.

Whether PBS suffers in the process is not yet clear. If the networks, as is their wont, begin raising prices on 15-second spots, it is possible that advertisers will perceive PBS time as something of a bargain and go public with their ad dollars. The risks, however, are substantial. Commercials on public television undercut the separate—and still vital—appeals for viewer donations and philanthropic giving. Likewise they make the notion of a direct governmental subsidy a much tougher sell, particularly in fiscal 1987, with PBS once again facing an administration proposing to zero it out. MICHAEL COUZENS

The Nazi Tapes

To mark the 25th anniversary of the historic Adolph Eichmann trial, New York City's Jewish Museum is screening the full videotape record, 178 hours' worth. Running continuously through May 11, the marathon showing spans 42 days.

REPORTS

COMPUTERS & VCRs

Overnight Delivery

Download computer information by satellite into an unattended VCR? It was only a matter of time before someone came up with a device that allowed computers to talk to VCRs, and vice versa. Now, Alpha Micro, a Santa Ana, California, computer firm, has done just that with Videotrax, an appliance that turns any VCR, without modification, into an information storage unit. The $595 system will be of special interest to companies that send out volumes of information—say, on price changes—to a large number of far-flung branch operations.

Using Videotrax, a firm's home office transfers computer data onto a regular videocassette, then takes the videotape to a satellite uplink facility and has the tape's contents transmitted at a prearranged time—usually late at night, when satellite-transponder time comes cheap—to the outlets, which program their VCRs to turn on at the appropriate time. When workers in the branch offices turn up the next morning, their VCRs can feed the data into *their* computers. Alpha Micro maintains that the cost of the dishes needed to receive the satellite signals is quickly recovered, since Videotrax is much cheaper than conventional telephone land-line transmission methods.

P.A.

TALENT

Role Playing

The actors' unions claim they're a scam and are drafting a code of ethics to cut back on them: those courses for beginning actors taught by television casting directors. In effect, the performer gets an audition by paying a fee of hundreds of dollars. And, in the view of some, that amounts to a conflict of interest for the casting directors. "They're getting paid by both producers and actors—management *and* labor," says Mark Locher, a Screen Actors Guild spokesman.

For the unknown actor who otherwise might never get past the casting-office receptionist, the courses may seem to be a shortcut to a job: A casting director sees him, likes him, casts him. The larger schools in New York boast that they help more than 200 students a year land TV jobs. The problem is that a casting director who hires one of his students is, in effect, discriminating against actors who can't or don't pay for the classes, according to Dick Moore of the American Federation of Television and Radio Artists.

Some casting directors deny casting their own students. Stanley Soble, casting director of Soble/La Padura Casting and a teacher at Corner Loft Studios in New York City, says he tells his students that if they've come for a contact, they should leave their résumés and go. Others say that they aren't able to assure parts for their students because those decisions are frequently made by producers, directors, or even network executives.

The schools argue that casting directors belong in the classroom. "You *have* to be in the business to teach at our school," says Frieda Schmidt of Actor's TV Studio in New York. "If you want to be a computer operator, the best person to study with is someone who works at IBM. Yes, it is a bit of a shortcut to study with TV casting directors. And what's wrong with that?"

In a New York City acting class: Is it right to charge aspirants for access?

At least a few producers acknowledge that there's something wrong. At AFTRA's urging, both Procter & Gamble, producer and sponsor of four soap operas, and ABC now prohibit hiring actors who have attended classes taught by their casting directors within the previous six months.

To some casting pros, the issue is much ado about next to nothing. "The money we make as teachers is a pittance," says Dolores Messina, a former director of casting at BBDO. "We're going to be here as long as there's a need. When university theater schools and private studio schools teach their students the difference between camera right and camera left, how to hold a product, and how to present themselves at an audition, we'll go out of business."

SIMI HORWITZ

THE BUSINESS SIDE

THE HOLLYWOOD SEDUCTION

by Merrill Brown

Despite a history of failure, TV people still try to crash the movie field.

The history of diversification by the major broadcast companies is, at best, a mixed bag. And nowhere are the problems more evident than in their attempts to be film producers. The film business is littered with television-company failures, both critical and financial—a point many in TV seem inclined these days to ignore. Turner Broadcasting, Viacom, RCA, the Fox/Metromedia/Murdoch organization, and others have been chasing filmmaking properties of late, with Turner, Viacom, and Murdoch already in at least partial studio-ownership positions.

Part of the problem for broadcasters seems to be strategy. Television companies, and networks in particular, don't seem to understand the marketing and distribution processes that are vital in determining which films succeed. In fact, television companies devote little attention to marketing while movie companies often spend as much money promoting their product as they do making it. What television's film failures also suggest is that there is more than meets the eye in the friction between New York-based broadcasters and Hollywood filmmakers.

In the fierce debate over the FCC's attempt to loosen the financial interest and syndication rules, the industries on both coasts took great pleasure in bashing each other, almost forgetting that broadcasters and film people are cut from the same cloth and work in a kind of uneasy harmony when it comes to making deals over network series packages. But the bitterness that surfaced on that issue is what large broadcasters encounter today in recruiting filmmakers and writers for their theatrical film divisions.

There are other strategic and cultural factors, often underestimated, that divide filmmaking and television. "People in television are obviously interested in selling time," says Merrill Lynch analyst Harold Vogel. "They are interested in 13 weeks and ratings, and moving the product out if it doesn't work. And movie-production cycles take considerably longer. When you make most television shows it's seven days and out. When you make a film you have to build in all sorts of extra time."

For these reasons and others, the failures are now legend. CBS and ABC have given up recent attempts to be film producers, the second time each has done so. Westinghouse abandoned films years ago. And in Britain Sir Lew Grade's ITC, successful in television production, failed miserably at filmmaking.

CBS chairman Thomas Wyman, in discussing the network's sale of its interest in Tri-Star Pictures and its earlier shutdown of an in-house production unit, told securities analysts that filmmaking is a "seductive kind of business" for broadcasters. But Wyman, who negotiated the Tri-Star venture with what appeared to be attractive partners (Columbia Pictures and Time Inc.) in 1982, learned that even though broadcasters and movie producers are both in entertainment, that's about where the comparison ends. "We have no demonstrated skills to differentiate us from a number of powerful competitors in the theatrical film business," Wyman said last year.

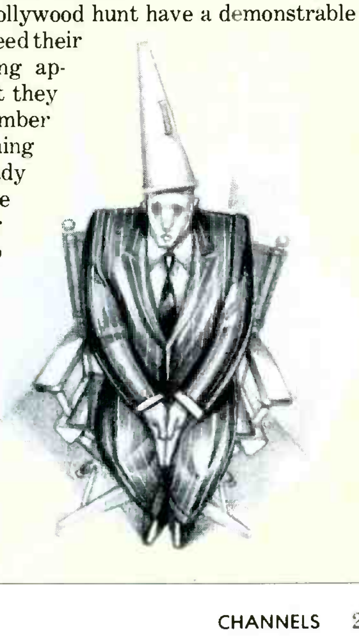
Frederick Pierce, the former ABC president, reacted similarly last fall when he announced an end to that network's six-year filmmaking effort. That effort, though successful in producing a few winners, such as Meryl Streep's *Silkwood*, never quite got off the ground despite the leadership of Brandon Stoddard, the man ABC is now counting on to improve its sagging network fortunes.

In fairness, the Viacom and Turner organizations are not CBS and ABC. They may prove to be more entrepreneurial; they also operate without the restrictions of Justice Department consent decrees and FCC limitations on production and syndication capabilities by the three major networks. While there is questionable logic in permitting Turner Broadcasting's WTBS, which reaches some 35 million homes, and the Murdoch television organization, which goes into about 15 million homes, to do something ABC, CBS, and NBC cannot, those limitations will be a fact of network life for at least the rest of the 1980s.

Why do broadcasters keep at it? Filmmaking's allure to television people seems to run in cycles. In part, those cycles are tied to the relative importance of feature films to network planners. The most recent ABC effort was directly related to the mistaken notion that networks and not pay cable were going to be the dominant home-distribution medium earlier in this decade. Both networks apparently overestimated the impact ancillary markets might have in offsetting rising production costs.

Vogel, in a thoughtful new book, *Entertainment Industry Economics*, notes that rarely can downstream revenue sources save a bomb. "It helps to remember that box office failure is usually congenital: No matter how large ancillary markets grow, they cannot a golden goose of a turkey make," Vogel writes.

To be sure, Turner, Viacom, Murdoch, and some of the rest in the Hollywood hunt have a demonstrable need for films to feed their vast programming appetites. But what they will need to remember is that it is one thing to put films already in the can on the air, and another thing entirely to produce them. ●



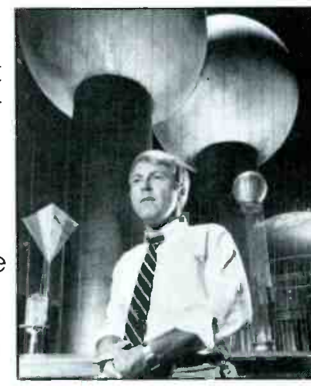
GREG COUCH

BRUCE SCHWOEGLER
For The Record

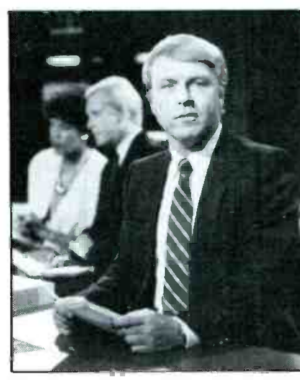
"I've been at WBZ-TV since 1968, the longest running weather anchor in Boston. I love it. This is a very dynamic area. New England's climate is very exciting. Because of the ocean and the mountains we get many changes within a small area. That's why I do a complete weather story. We have access to the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

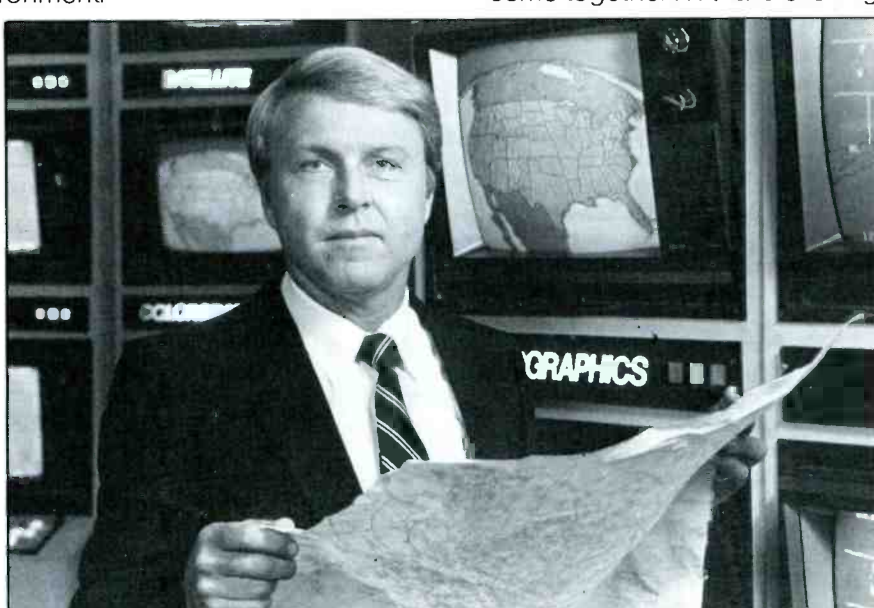
"Because New England is so vast - Cape Cod to Vermont - it's difficult to report exactly where every weather front is. That's why education is so important. I present New Englanders with information that helps them understand why things happen . . . how the weather effects not only their plans to go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

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



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





EYEWITNESS NEWS **WBZ-TV BOSTON 4**

The Station New England Turns To.

THE PUBLIC EYE

by Les Brown

WHERE HAVE ALL THE ISSUES GONE?

What a nice surprise to see a page-one story in *The New York Times* several weeks ago on a social issue concerning television. I thought the social issues had all gone somewhere and died the last few years. This one, notwithstanding its prominence in the *Times*, was actually an old story—the one about children's cartoon shows being based on toymakers' products and thus amounting to program-length commercials—but it was good to see a good, lively controversy still kicking around. I greeted it as an old friend.

I go back to when social issues used to swarm around television. Those were the days, not very long ago actually, when in almost any community in America you could fill the high-school auditorium for an evening forum if your topic was children and television. In churches, the blockbuster sermons were on television's exploitation of sex and violence to the detriment of society.

Everyone back then had some notion about what the tube was doing to their kids: rotting their minds, encouraging aggressive behavior, lowering their attention spans, robbing them of their innocence.

Less than a dozen years ago, Canada held a national conference on the danger that exposure to American television posed to its population. America's cities were violent; Canada's peaceful. Wasn't it a legitimate fear that the violence of American television would bring violence to Canadian cities?

Everywhere in the U.S. ethnic groups and women's rights organizations coalesced around the issues of harmful stereotyping and their lack of representation on the public airwaves. In the backwaters, right-wingers sounded alarums that television was leading us toward communism because its newspeople were a bunch of lefties. Congress, the Justice Department, and the Federal Communications Commission were concerned about cross-ownership, which concentrates the mass media in too few hands in local communities.

It was a picnic for a reporter covering the electronic media. There was all this unhappiness with television to write about, along with that old standby, the scandal of television's persistent mediocrity. The feedback from readers was terrific.

Then, seemingly overnight, the concern was gone. There wasn't a decent provocative media issue around anymore. Except for a staunch few, notably Action for Children's Television and the Media Access Project, the activist groups closed shop. Here and there you can still hear people demanding their rights to the airwaves, and ideologues of the far right complaining that the networks aren't promoting patriotism. But even when they're in earshot, no one seems to want to hear them.

What happened to all those lively issues? What blew them away? My instinct, when I contemplated their disappearance, was to lay it on the climate in government—the Reaganite laissez-faire policies and the fear among Congressmen of acquiring an unpopular liberal taint. I reckoned that people who were concerned with these issues got discouraged when they couldn't find a sympathetic ear in the government.

A few years ago everyone feared TV's effects. Now the great public issue is: What's on tonight?

But then, in an informal survey, I learned from a number of television critics around the country that the character of their reader mail had changed markedly in recent times. They told me that people these days tend to take issue with particular news items on television, but not, as before, with television itself and its failings in social responsibility. So the indifference to traditional broadcasting issues is not limited to Washington but exists throughout the society.

Can it be that we are too distracted by other concerns today—terrorism, the economy, the AIDS epidemic, the price of coffee—to care very much about television's influence on our lives? Or have we lived with television so long that we have found the old issues tiresome? For most Americans, the great public issue in television today is framed in the question: What's on tonight?

Perhaps it was experience that neutralized the old issues. The generation of children we worried about in the beginning for loving television too much are, after all, now parents themselves. If they did not grow up to be the nation of idiots, or "vidiots" as they were called in the grim forecasts, then why would they worry about their own kids putting in time at the tube?

Canadian cities have maintained their low crime rates even though American television still beams its violence over the border as boldly as it did two decades ago. Our country was not led into communism by the alleged liberal leanings of television news. And we did not become a nation of sex maniacs from seeing bare breasts on HBO or hearing the crude double entendres on *Three's Company*.

Undoubtedly, the passing of the era of activism, along with the FCC's deregulation initiatives, helped spur the spirited trading in broadcast properties over the last couple of years. Big money doesn't flow readily to businesses that carry heavy social burdens or that are perpetually under attack by such formidable institutions as the mainline churches and the Parent-Teachers Association. With the knowledge that virtually all licenses to broadcast are now secure, and that television has conquered the unruly mob, outsiders have avidly been buying up the money machines that generate profit margins as high as 60 percent.

But I wouldn't be too sure that the old issues are gone for good. I suspect they're only dormant, and bound to rise again. People will always be protective of children, as the reemergence of the toys-to-programs controversy proves. And sooner or later some new UHF operator—in his zeal to outpoint his competitors and get his money back ASAP—is going to do the outrageous and schedule a movie like *Deep Throat*. Don't laugh. It happened in Italy when unregulated commercial broadcasting was allowed in that country several years ago. But the biggest issue of all will surely be the dominance of broadcasting and cable by a handful of conglomerates, the very thing encouraged in the '80s by the absence of issues. ●

Fast Company

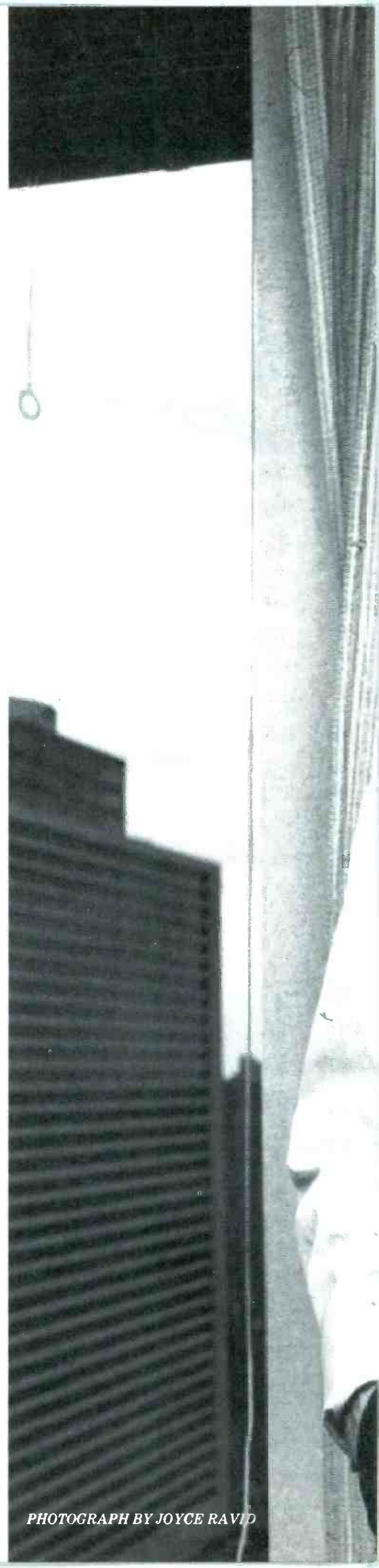
by Meryl Gordon

IT WAS ONE of those state-of-the-company briefings that growing organizations stage every so often to keep employees plugged in to what is happening. More than 200 Viacom staffers crammed into the modern white conference room at the firm's Manhattan radio station, WLTW-FM, on a Monday in late January to hear from the top executives. To warm up the crowd, a slickly produced videotape ballyhooed Viacom's radiant entertainment properties. Then it was time to discuss the future Viacom.

Chief financial officer Gordon Belt provided the lowdown on the company's financial high points: The 15-year-old firm should bring in a billion dollars in revenues this year, a sparkling 100 percent increase since 1984. John Goddard, the outdoorsy president of Viacom's cable television division, predicted that cable deregulation will further boost earnings. Executive vice president Kenneth Gorman, a short man with a mischievous smile, revealed the astonishing sums—more than \$2.5 million an episode—the firm expects to earn from syndicating the top-rated *Cosby* show.

But the most eagerly awaited speaker came last: the company's president and chief executive officer, Terrence Elkes, a deal-making lawyer who has transformed Viacom into one of the fastest-growing, most talked about entertainment companies in the business. "Here comes the \$625,000 man," murmured one employee in the back of the room, referring to the boss's combined salary and bonus last year. Elkes, a handsome,

Meryl Gordon has covered business and economics for the Gannett newspapers and the Business Times *program on the ESPN cable network.*



Man on the move: Terrence Elkes, the personification of the modern media mogul.

PHOTOGRAPH BY JOYCE RAVID

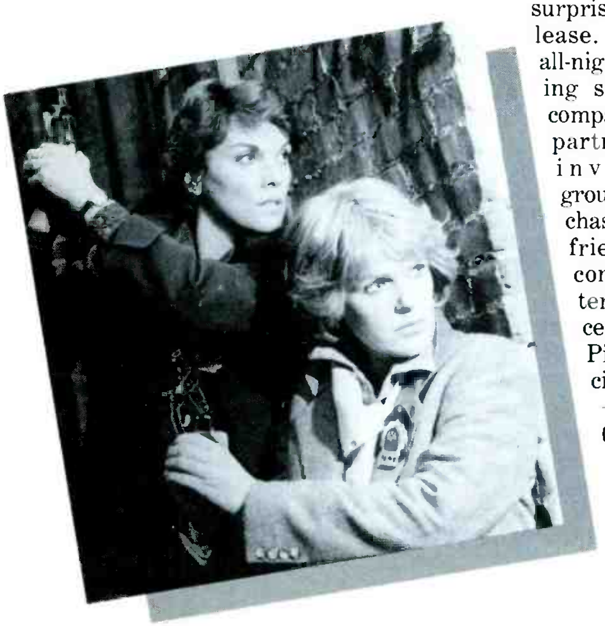
intense, and athletic man (he runs four miles a day), had a secret he foreshadowed in his presentation that Monday afternoon. Unknown to almost everyone in the room, company officials had worked through the weekend launching a project they'd code-named Operation Boldstroke.

Elkes, who sports wire-rim glasses but still manages to look younger than his 51 years, began by enunciating his vision of Viacom's customers: television advertisers and those millions of viewers who, while flipping their dials, tune in to dozens of Viacom properties, from syndicated old favorites like *The Honeymooners*, to current movies on Showtime, to local news on one of Viacom's four television stations (soon five, with the acquisition of KMOX in St. Louis). Elkes sees the television viewer as a supermarket shopper, strolling the aisles in search of appealing video products. He carefully listed all of Viacom's cable networks (MTV, Showtime, The Movie Channel, Nickelodeon, VH-1, one-third interest in Lifetime, and the new pay-per-view service, Viewer's Choice), adding, "We have a lot of shelf space." But there's that constant, nagging question: what to put on those shelves? "What drives all this is programming," he said. While Viacom has stepped up its original television production, Elkes stressed that it's not enough. What he really covets is a movie studio. "If we can obtain theatrical production, it could really round us out. It would make us one of the most elite companies in the entertainment industry."

Owning a movie studio has an alluring ring to it: excitement, romance, the power to make and break stars, the glamorous life. But that's not what makes Terry Elkes tick. This tightly wound executive in his conservative suit might have been talking to employees at a canning factory about his desire to buy a tin mine to cut costs on raw materials. Strictly a bottom-line decision. For Elkes, owning a movie studio is simply a way to get cheaper product to stock those supermarket shelves, from Showtime to WHEC-TV in Rochester.

Nonetheless, for a negotiator, there's a thrill to the chase, and Elkes was wired that day in January. His secret was the knowledge that his second effort to acquire a movie studio—Operation Boldstroke—was in play. But Elkes couldn't resist asking—broad smile on his face—in a discussion with reporters after the formal session, "What about Orion?" a reference to press reports about a hostile takeover bid for the movie studio. When no one picked up on the clue, the conversation drifted to other matters.

On Thursday morning, just three days later, Viacom issued a surprise press release. After an all-night negotiating session, the company, as lead partner in an investment group, had purchased a large, friendly, and controlling interest (15 percent) in Orion Pictures. Officials let it be known that Viacom might purchase more stock in time, possibly taking over the $200 million firm, whose hit TV show *Cagney & Lacey* has been offset by a string of box-office duds. And one movie studio may not be enough for Viacom. Officials hinted that it also hoped to revive negotiations with Ted Turner to buy an interest in the MGM studio.



Orion's *Cagney & Lacey*: Will one movie studio be enough for Viacom?

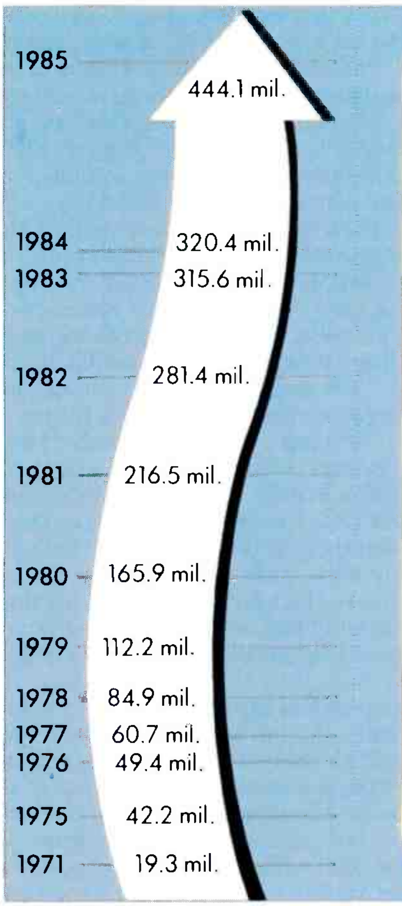
The news was greeted with mixed reaction on Wall Street, especially after Viacom issued yet another press release that day. The second one announced that the board of directors had passed a "shareholder-rights plan" (better known as a poison pill) designed to make a hostile takeover costly and difficult. Aha, thought the analysts. Both actions are ploys to hold at bay one JMB Realty Company, a Chicago real estate firm that owns 11.8 percent of Viacom's stock, purely for "investment purposes" at the moment.

The volley of Viacom news heightened the swirling speculation about the company. In less than six months, Viacom has become one of the most aggressive bidders in the high-stakes entertainment world, where properties are changing hands with remarkable speed. In August, Viacom, whose workaholic company slogan is "Success begins after 7," acquired from Warner Amex for $690 million MTV Networks and the 50 percent of Showtime it didn't already own. In October, Viacom, already the 11th largest cable system operator, bid unsuccessfully for Group W's 2.1 million subscribers. In November, Viacom opened negotiations to buy a 50 percent interest in MGM. In December, Viacom snatched up CBS's St. Louis television station, KMOX, for $122.5 million. And in January, Viacom led an investor group which put up $26 million to buy a 15 percent stake in Orion.

This wildfire expansion has left the Street wondering: Is the company loading up on debt to make itself less attractive to a raider (long-term debt climbed last year from $190 million to over $800 million in the acquisition frenzy), or is it making smart buys? Call a dozen analysts and they split fifty-fifty on this one. "I'm disappointed in the acquisition strategy. It strongly reeks of a defensive move," says Mara Miesnieks, an analyst with Smith Barney Harris Upham. "I'm not sure it's in the interest of shareholders, who could make a quick, hefty profit if Viacom were taken over." But others speak admiringly of the properties Viacom has amassed and of their long-term potential for the company. "I think it's the prototype for what a modern media company should look like, in terms of vertical integration," says Alan Kassan, an analyst with First Manhattan Corp. What we're talking about here is synergy with a capital *S*: Virtually all the various parts of the company feed into one another.

But as Viacom expands, all is not serene in the beige corridors of the 28th floor at the Celanese Building on Sixth Avenue, just a few blocks away from the headquarters of the three networks. The company faces growing pains: how to fend off potential takeovers; how to integrate its new properties into the firm; and how to keep an entrepreneurial spirit alive in a business that has grown from 470 employees to more than 4,800 in just 15 years, 900 of them added in the last 12 months.

These are exhilarating days for Elkes, the self-made son of a Bronx hat blocker and a graduate of City College of New York. If Viacom is the prototype for the modern media company, then Elkes represents the modern media mogul. He didn't start out in the mail room at one of the networks or peddling product for a movie studio; instead, Elkes is a lawyer (University of Michigan) whose previous jobs were at a privately held paper com-



MOFFIT CECIL

Viacom's Profile

	1971	1985
Operating cash flow	$4.073 million	$140.7 million
Net earnings	$1.591 million	$37.0 million
Net earnings per share, fully diluted	$0.41	$2.17
Programming syndication	ex-CBS series such as *Perry Mason, I Love Lucy, Andy Griffith, Hogan's Heroes, What's My Line*	5,248 hours of off-network shows, including *All in the Family, The Cosby Show, The Honeymooners*; 1,100 feature films; first-run syndication such as *Star Games* and *Bizarre*
Cable system operation	156,000 subscribers	829,000 subscribers
Cable program networks	—	MTV, VH-1, Nickelodeon, Showtime, The Movie Channel, Viewers' Choice, part-interest in Lifetime
TV stations	—	WVIT, Hartford, Conn.; WNYT, Albany, N.Y.; KSLA-TV, Shreveport, La.; and WHEC-TV, Rochester (KMOX-TV, St. Louis, acquisition not complete)
Radio stations	—	WLTW-FM, New York; WLAK-FM, Chicago; WMZQ-AM/FM, Washington, D.C.; KIKK-AM/FM, Houston; and WRVR-AM/FM, Memphis
Other activities	—	International syndication; production and coproduction for cable networks and syndication

pany and a pharmaceutical firm. He joined Viacom as general counsel in 1972.

At Viacom, Elkes has always been the negotiator, the tough-talking deal-maker constantly looking for ways to leverage Viacom from its roots as a television syndicator and cable-system owner to a broader-based company. Now that he's running the firm, he no longer has to pull those all-night negotiating sessions or be the one pounding the table. Others do it for him. When the recent MTV/Showtime discussions became particularly heated, recalls Warner Communications chairman Steven Ross, "Terry and I would leave the room and leave it up to our people. Then we'd come back in and play King Solomon." Even now, Elkes doesn't read scripts, or worry about who should anchor the 6 P.M. news at KSLA in Shreveport. Colleagues and competitors say his strength at Viacom is his sense of strategy, his carefully thought out and executed plans to build a media empire.

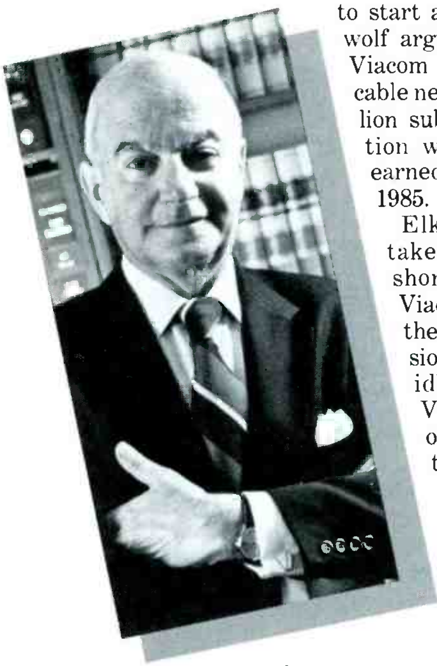
These skills won him the company's presidency in 1978, and the CEO job three years ago, but Elkes had a low public profile until Viacom went off on its recent acquisition binge. "When I looked at him from a distance, I was not impressed," admits Drew Lewis, the outgoing chairman of Warner Amex, who held the initial talks with Elkes on the Showtime/MTV sale. "But after working with him, I found him a very competent, personable individual. He's a guy you can cut a deal with." Adds Mark Riely, an analyst with Eberstadt Fleming: "He wasn't particularly visible two or three years ago, and he didn't stand out in anybody's esteem. In the last two or three months, that's changed."

But if Elkes enjoys the acclaim—and associates say he has begun to shed his stiffness and relax more in public—the glamour of being an entertainment executive hasn't touched him. Take the company's offices. They are startlingly bland and colorless, devoid even of pictures on the walls highlighting Viacom's familiar properties. In fact, there's nothing visible at all to tell a visitor what kind of business she's stumbled into. "That's intentional," says Elkes, who rises at 6:30 each morning to run and to take a brief swim in his one concession to personal luxury: his own indoor pool. At work, there are no such concessions. "When we moved in here," he says, gesturing at his impersonal office with its handful of watercolors on the walls and the virtually empty polished-wood-slab table that serves as his desk, "we made a conscious decision that it was important that we are a business, since there's a feeling that entertainment is not. It's as much of a business as steel is."

Viacom was born on June 4, 1971, the child of a Federal Communications Commission ruling requiring the networks to divest their syndication and cable-television operations. Frank Stanton, president of CBS at the time, says the company agonized over whether or not to sell off the divisions and finally decided to spin them off to shareholders. Stanton handpicked the first board of directors, and created the company's name, a play on the phrase "via communications." Ralph Baruch, the 62-year-old former CBS syndication chief who has chaired the new company ever since its early days, recalls, "I said it was an absolutely terrible name." His fear: the name (pronounced vee'-a-com) might be confused with another name then frequently in the news—Viet Cong. But Baruch was overruled.

Viacom immediately began to expand by acquiring cable systems—using cash flow, hefty bank borrowings, and equity to do so—as well as pushing to overturn the then-onerous government restrictions on cable. But a major turning point for the company—and for Terry Elkes's career—came in 1975, when Time Inc. put Home Box Office on satellite. Cable television's first pay channel, featuring uncut movies and no advertising, presented Viacom with a dilemma: Should the company buy programming from HBO for its cable systems, or start its own pay-cable channel? Baruch, a courtly refugee from the Nazis who still speaks with a trace of his native German accent, says he was leaning toward signing up for HBO, reasoning, "Why should I risk the shareholders' money competing with Time Inc.?" Most of the other top brass agreed. But Terry Elkes, then executive vice president, took exception, saying, "To me, the decision is fairly clear. If we go to HBO, the game is over. They've got the market. This is a business we know. Let's not miss an opportunity to start a new business." His lone-wolf argument prevailed. In 1976, Viacom launched Showtime, a pay-cable network that now has 5.4 million subscribers and, in combination with The Movie Channel, earned $340 million in revenues in 1985.

Chairman Baruch thought Viacom sounded too much like Vietcong.



Elkes made a similar let's-take-on-the-giants decision shortly after being named Viacom's CEO in 1983. With the cost of syndicated television programs climbing rapidly, he decided to push Viacom into financing more original television, a move that now stands to earn the company hundreds of millions with the stunning success of *The Cosby Show*, which Viacom backs financially and will syndicate.

What Elkes was doing was nothing short of restructuring the very nature of Viacom, moving the company's culture, as he puts it, "away from a syndication company to a programming company. We had attempted to do programming, but we didn't do it very well." One staffer recalls that in the early '80s, "It became a standing joke around here. Every upcoming pilot mentioned in the annual report seemed jinxed," including such unmemorable endeavors as *The Masters*, starring Lee Van Cleef; *Amanda's*, starring Bea Arthur, and *Concrete Beat*.

Although Elkes now spends a large part of his free time watching television and movies, he does not claim to have anything like Fred Silverman's fabled "golden gut" and doesn't try to impose his own taste on programming. "Bill Cosby never would have happened if it were up to me," Elkes says matter-of-factly. He feared that the show, shot in New York, would be too expensive; he wasn't sure Cosby could translate his nightclub act into prime time; and he worried about NBC's poor ratings. "Those were the reasons not to do *The Cosby Show*," he says. "The reason to do it was, my people recommended it."

Elkes's trust-the-staff strategy has won him plaudits within the company as a manager. Staffers say his management style is less autocratic than that of chairman Baruch, and that Elkes is more patient. "Terry gives people the latitude to make mistakes," says Gorman, adding, "Sometimes I think he's too soft, but then I've been the beneficiary of that softness." Elkes describes himself as a very private man, and several people outside the company who have dealt with him concur, describing him as a "cold fish," "uncomfortable," and difficult to talk to. But at corporate headquarters, employees have different images of him: his habit, late in the day, of wandering down the halls and sticking his head into offices just to chat; or Elkes, dressed in a tuxedo before a formal dinner one evening, pretending to be a waiter and taking drink orders from the staff.

Now that he's in the CEO's seat at Viacom, Elkes gets high marks from analysts—whether they like his recent acquisition strategy or not—for his management of the firm's current properties. "They've done a very good job," says Miesnieks of Smith Barney. "All their broadcast properties have been turnaround situations, and they've done all they've promised. You can't fault them on that." The company's margins on its radio and television stations have increased steadily. Its Rochester television station, WHEC-TV, has climbed from number two to number one in the local ratings race since Viacom bought it in 1983, and Albany television station WNYT has moved from number three to number two. Viacom executives say they'd like to buy the full complement of 12 television and 12 radio stations (the firm currently owns eight radio stations) but feel prices have hit extraordinarily high levels. "For the past three or four years, we have been bidding, and we have been so woefully low on bids that we've been unsuccessful," says Elkes.

Company executives say that the recent round of acquisitions—and increased debt—won't mean short shrift for the rest of the firm. In fact, Gorman says the company, which took out a $1 billion unsecured line of credit with Morgan Guaranty last fall, is in a position to spend an additional $500 million on further acquisitions this year. Viacom used a chunk of a successful December public offering of 2.5 million shares, at $58.50 per share, to pay off part of the debt for the MTV/Showtime purchase, and officials say cash flow from the properties should be more than enough to pay for debt service for those acquisitions. But that doesn't mean Viacom isn't concerned about cutting costs. The pressure is now on to merge some functions at MTV/Showtime to save money.

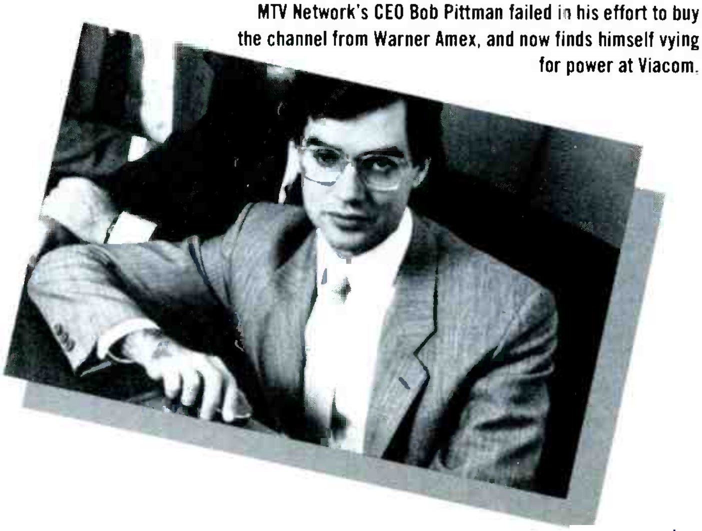
Elkes's restructuring of the firm means Viacom's division heads have more say in how that is accomplished. "We agree on a business plan for the year, and I can do my thing," explains John Goddard, president of the cable operation, which serves 829,000 subscribers. "Terry does not get involved in the day-to-day operation of the cable systems." Goddard, who helped run cable when it was still part of CBS, is in a position to appreciate the flexibility of Viacom. While Elkes and Baruch wanted to centralize cable operations in New York, they felt so strongly about retaining Goddard that when he balked at moving east, they agreed to let him run the business out of Pleasanton, California, an hour and a half north of San Francisco. "I don't deny that I have a personal idiosyncrasy about where I live," says Goddard, an avid fisherman and hunter. But he says there are business reasons for the location, too: Viacom's cable systems are predominantly in Western states like California, Washington, and Oregon, although the firm also has systems in Ohio, Wisconsin, Tennessee, and New York. (Viacom also has a small investment in a Cleveland, Ohio, wireless cable company that delivers six channels of programming by microwave.)

But there is also a hard edge to Viacom, one that is reflected in the current you-guys-fight-it-out struggle between Neil Austrian, the chairman of Showtime, and Robert Pittman, the 32-year-old prodigy who helped found MTV. Elkes has formed a cable-networks group within Viacom, now chaired by Kenneth Gorman, who will phase out from that job by mid-1987. Gorman's replacement will be either Austrian or Pittman, who failed in an effort to arrange his own leveraged buyout of MTV from Warner Amex. "They're big boys," says Gorman with a smile. He thinks the succession struggle will give both men impetus to cut costs and merge some functions (possibly marketing operations and affiliate-relations offices) and look for other money-making opportunities. Viacom plans to syndicate the *MTV Top 20 Countdown* show, and is considering proposals from three studios to jointly produce movies with MTV.

But Viacom's explosive growth is ultimately at odds with the corporation's entrepreneurial atmosphere. Elkes broods about avoiding what he calls "bureaucratization and institutionalization." When the troika of Elkes, Baruch, and Gorman made the obligatory rounds to chat with employees the day before Christmas, they came back troubled that they didn't know many staffers by name. In a near textbook approach to the problem, Elkes recently hired an outside consultant to survey company executives about their values and concerns, to try to get an off-the-record sense of what employees are thinking. And to keep ideas flowing, Elkes and other top executives have organized "crazy ideas" meetings once or twice a month, where they sit around after business hours, drinks in hand, and dream up projects. (Those plans are often given whimsical code names: "Snow White and the Seven Dwarfs" for negotiations to buy a multiple-system cable operation; "Peep" for pay-per-view; "Vision" for the Showtime purchase.)

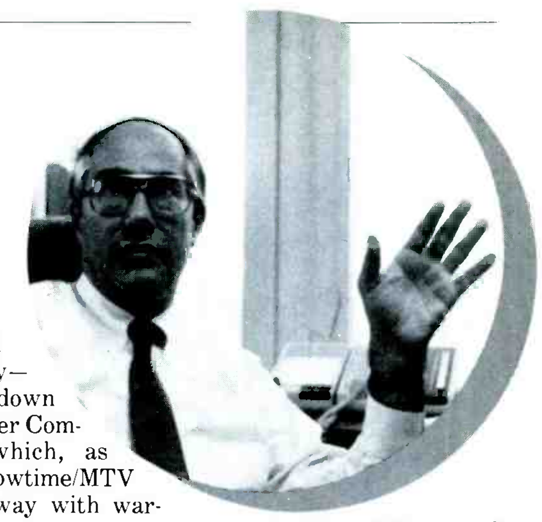
But while Elkes worries about how to keep employees motivated, his company is also suffering from that modern 20th-century disease: takeover tremors. JMB Realty's purchase of Viacom stock has made staffers uneasy about the future. Elkes met with JMB's executives last fall to discuss their plans. "They said they thought that running a cable system is similar to running real estate," an incredulous Elkes confided during a mid-January brokerage-firm luncheon. JMB refuses to comment on its future plans. But Elkes added at the January luncheon, "We have to live with it. When they're gone, somebody else will be around." JMB is not Viacom's first suitor. Storer Communications made a public run at the firm in the mid-'70s, and other bids have been rumored.

Paul Norton, a Viacom director since the company's inception, claims the board doesn't spend a lot of time worrying about a takeover: "We've had wolf cried so often that the board doesn't pay much attention to it anymore." The directors—including Elkes—own a mere 3.5 percent of the firm, according to the stock-ratings service Value Line. But the company could



JOYCE RAVID

MTV Network's CEO Bob Pittman failed in his effort to buy the channel from Warner Amex, and now finds himself vying for power at Viacom.



STEVE BEHRENS

Showtime boss Neil Austrian: a fight on his hands.

find a powerful ally—or enemy—several years down the line in Warner Communications, which, as part of the Showtime/MTV deal, walked away with warrants giving them the option to purchase 1.6 million of Viacom's 20.6 million shares over the next five years, roughly an 8 percent stake in the firm.

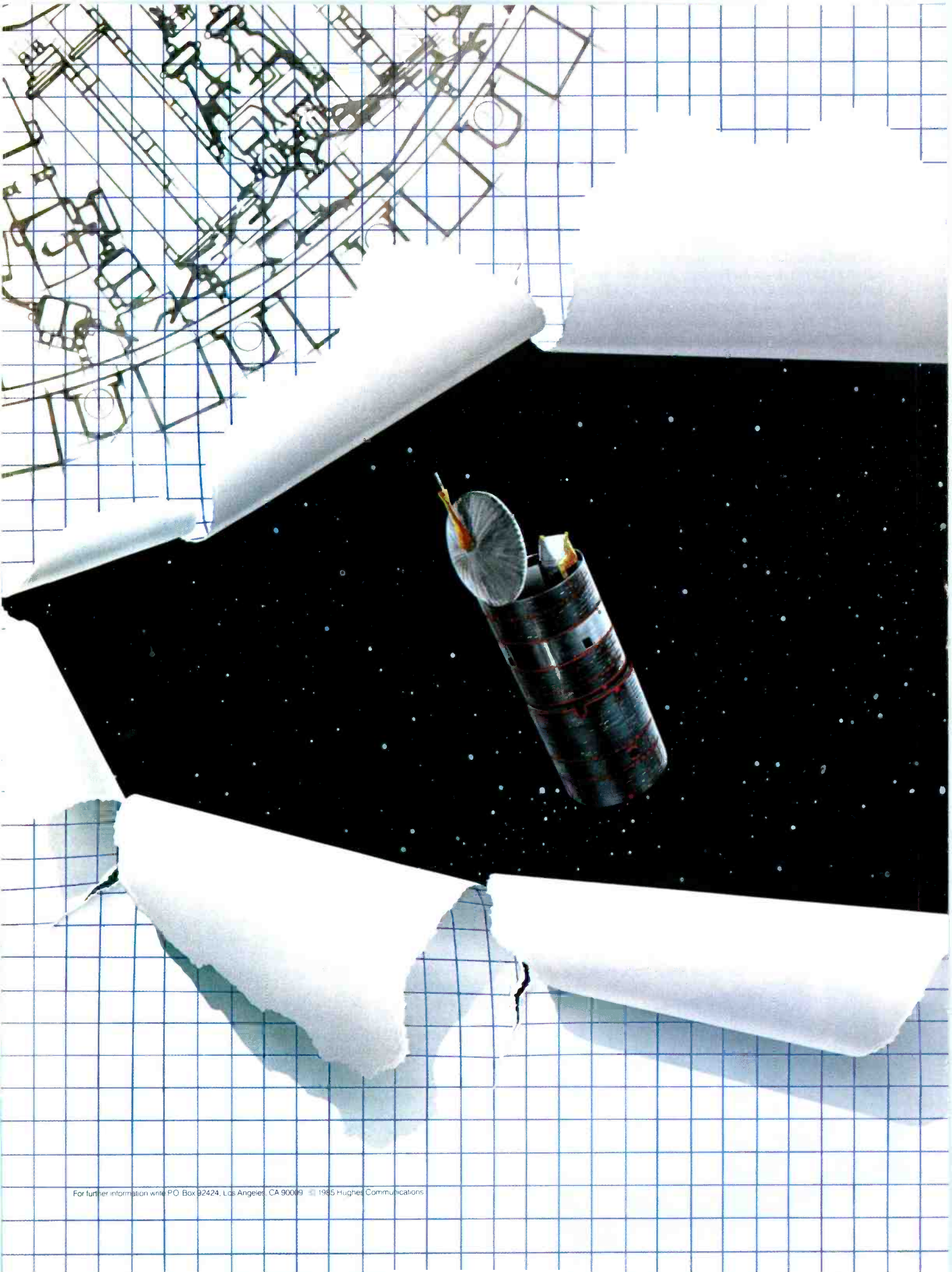
Analysts estimate the breakup value of the company at $80 to $85 per share. The stock soared from 37½ to a high of 66¼ on December 3, fueled by takeover rumors, but now that a takeover doesn't appear imminent, the stock has slid back to the $52 range. Richard MacDonald, an analyst with First Boston (Viacom's investment banker), says he's not recommending the stock to clients at this level: He sees $47 or $48 as a buyable price. One reason: Like many analysts, he's expecting a drop in earnings in 1986, due to dilution from the acquisitions, falling from $2.17 per share in 1985 to $1.75 this year.

In the investment world, there is concern over Elkes's motives in setting up so many roadblocks—the debt, the poison pill—to a potential takeover, when it could prove tremendously lucrative for shareholders. Off the record, competitors say Viacom may be overreaching by entering the movie business.

Elkes dismisses such talk with irritation, particularly on the takeover front, saying, "I'm not really concerned about preserving my job. I have other interests in my life." Now that he owns or has options to buy more than 91,000 shares of Viacom, according to the latest proxy statement, his personal wealth is clearly not an issue. Getting into movies, he says, weary of explaining it once again, is just a logical extension of Viacom's business. And he talks in almost God-and-country tones about his desire to keep Viacom independent. "We've achieved this wonderful society where there are lots of takeovers and buy outs and financing, but I really question whether or not true economic wealth gets created by these things. Bankers make money. Lawyers make money. Executives such as myself with golden parachutes make money. Nobody on the surface loses," he says. The losers are middle- and lower-level management, who often wind up out of work. Stockholders of acquiring companies can fare poorly, and the companies acquired often don't function as well with their new parents. Elkes, who says he only does friendly deals, portrays his company without a hint of irony as the "quintessence of capitalism" and doesn't want anyone to take it away.

Ask Elkes to describe Viacom in five years and he has a ready vision: more of everything. In the Elkes master plan, by 1990 Viacom will triple its revenues to at least $3 billion, create or buy another advertiser-supported cable network, acquire more TV and radio stations, and fully control a movie studio producing 10 to 20 Viacom pictures a year.

It is an arresting vision, but one that ignores the shark fins already visible in the water. Frank Stanton, who spun off Viacom from CBS and understands the life cycle of media companies, predicts, "I think it's as sure as God made little green apples they'll be a sweet takeover target for someone. They're a gold mine." That is the dilemma facing Terry Elkes, modern media mogul: He has created a company that others covet, and now his greatest challenge will be keeping it for himself. ●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Wall Street's Brat Pack Shakes Up The Biz

A handful of young, ambitious investment bankers has revolutionized the acquisition game, and shaken the comfortable world of media ownership to its core.

Except for her disarming candor and the fact that she is a woman, Nancy Peretsman is typical of the new breed of power brokers in the media business: Quick. Aggressive. Smart. And young. Dressed in a crisp white blouse set off by single strands of black beads and pearls, Peretsman, 32, exudes the confidence one has come to expect from an investment banker. "I can, on the back of an envelope, rough out what a company is worth. I can do that off the top of my head," she says of one of the many media clients handled by her firm, Salomon Brothers. "I quickly spotted the discrepancy between what the company was really worth and its stock price, and when that happened I said, 'Hey, you got troubles!' "

Peretsman and the other young Wall Street deal-makers are changing the way business is done in the buying and selling of media properties, and they have shaken the old and comfortable world of broadcast management to its core. For their firm's handsome commissions, often in the millions of dollars, they have in recent years bid up the value of domestic broadcasting companies by an estimated 40 percent, producing deals worth hundreds of millions, even billions, of dollars. The structure of the deals varies: Some have been mergers and some leveraged buyouts, in which management or other investors borrow against company assets to buy out stockholders, thus taking the company private.

In 1985, Gulf Broadcasting Group sold five television and seven radio stations for $755 million; a single independent station, KTLA in Los Angeles, went for $510 million; both Storer Communications' and Metromedia's seven TV stations fetched more than $2 billion; ABC Inc. went for $3.5 billion; and RCA (including NBC) brought $6.3 billion.

So breathtaking have these transactions been that the outsider is left dazzled—and more than a little perplexed. Just who are these deal-makers who are shuffling stations, television companies, and whole networks about with such abandon? Is a single TV station really worth $510 million, or is this just a case of Wall Street hyping values and thereby commissions? Why is all this happening now? Who gave these few individuals the right to play Monopoly with the industry?

The high-stakes action, the astronomical numbers, the risks, and the prestige have turned deal-making into the vocation of choice among the cream of America's graduates. Harvard professor Robert Reich, writing in *The New York Times*, says that when he asks his brightest students what they plan to do after graduation, he's repeatedly told, "I want to make deals." That's not surprising. In what other business can a person so quickly earn a six-figure salary with so little experience?

In a business dominated by the young, these particular investment bankers seem younger than most, with many in their late 20s and early 30s. "Younger people are congenitally able to handle risk better," says Arthur Phillips, a 33-year-old first vice president of Drexel Burnham Lambert. They are highly educated, often with a graduate business degree from Harvard, Yale, Columbia, or Stanford. And some of them are barely in control of their egos, often managing to suggest that it was *their* brilliance that iced a big deal for the firm. They also like to talk about how hard they work. "When Taft Broadcasting spent $760 million to buy Gulf Broadcasting, they didn't care that it was Christmas week," says 29-year-old First Boston vice president Jeffrey E. Epstein. "Speed was critical."

There are even deal-makers who acknowledge that all the money and power have made them guilty of hubris. Says one industry observer: "They do miracles. They jump through hoops for you, they stay up all night, they knock down huge fees, and they're arrogant as hell."

And there is no shortage of all-nighters for the talented and dedicated young numbers cruncher. As deal mania has spread to the communications industry, investment banking houses like First Boston and Morgan Stanley have created departments to capitalize on—some say to encourage—financial restlessness among the managers and owners of publishing, television, and cable properties.

Nancy Peretsman, a vice president at Salomon, is grandly educated: Princeton '76 with honors; Yale Management School '79; with a crash course in real-world finance at Allen & Co. and what was formerly Blyth Eastman Dillon & Co., before joining Salomon three years ago. She is quick to emphasize that she doesn't handle all the deals alone, a distinction not made clear by every banker.

On the other hand, she's not shy about her accomplishments either. She describes her role as a kind of traffic cop for the firm's media deals, overseeing many

John F. Berry, a New York-based freelance business writer, is coauthor of the recently published book The Challenge of Hidden Profits: Reducing Corporate Bureaucracy and Waste.

CAPITALIST TOOLS

Mergers and acquisitions: Combining the assets of two or more companies. While technically the words mean different things, the differences have been blurred by the complexities of recent deals.
Leveraged Buyout (LBO): When private investors, often management, buy a company using borrowed funds largely secured by the company's assets.
In play: Once a bid is made for a company, investment bankers say it's "in play" and may urge their clients to make an offer.
Tender offer: A bid for any or all of a corporation's shares.
Junk bond: A speculative bond with a BB or lower grade, according to Standard & Poor's rating service.

By John F. Berry

NANCY PERETSMAN

Salomon Brothers

BIGGEST DEAL
Gannett's purchase of the Evening News Association

PRICE
$717 million

FEE TO THE FIRM
$3.6 million

'I can, on the back of an envelope, rough out what a company is worth.'

of them and, "when it gets down to short strokes," bringing in Salomon's finance experts. That's how she choreographed the sale of Evening News Association—nine newspapers, two radio stations, and five TV stations—to the Gannett Company for $717 million, collecting $3.6 million in fees for Salomon. When the strokes got short, she brought in managing director Jay F. Higgins, Salomon's celebrated master deal-maker.

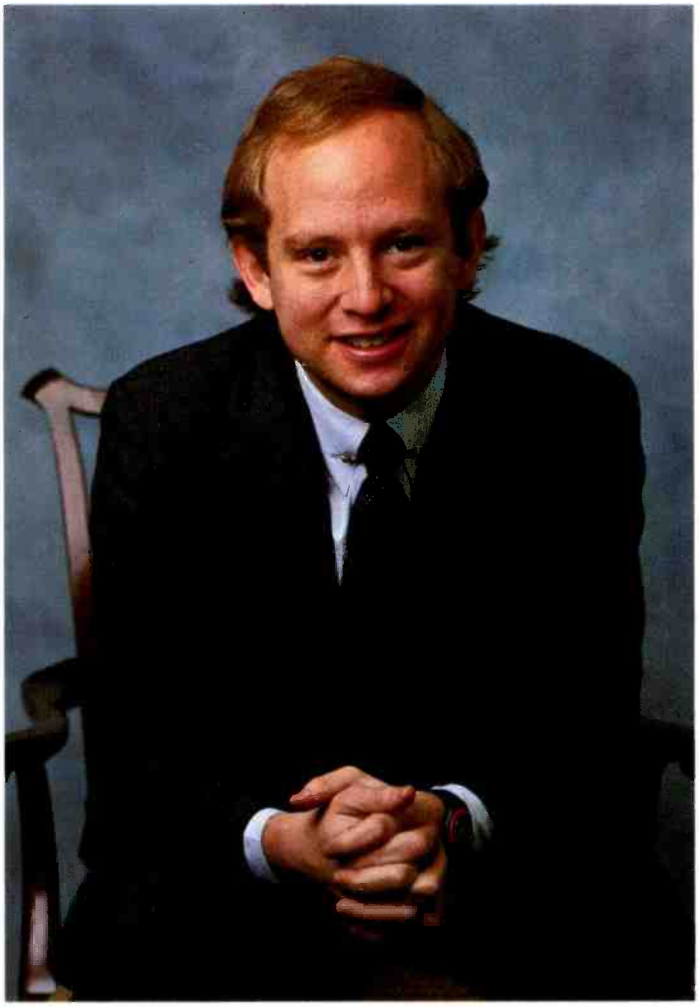
A few blocks away in lower Manhattan, Drexel Burnham Lambert's Arthur Phillips works for his first and only employer since graduating from Harvard Business School in 1978. Dressed in the deal-maker's uniform (gray pinstripes, button-down collar, and rep tie), the boyish-looking Phillips still can't get over his good fortune in landing at Drexel Burnham, which has prospered mightily in recent years after developing so-called junk bonds. High-yield, high-risk vehicles for financing takeovers and buyouts, junk bonds were a major factor in Drexel Burnham's record year in 1985. Junk bonds totaling $2.7 billion produced revenues for the firm "well into the hundreds of millions," says Phillips, who is now a first vice president. The firm raised $1.5 billion for the Kohlberg Kravis Roberts & Co. buyout of Storer Communications. Drexel Burnham's fees were "more than $25 million," says Phillips. It is safe to say that Arthur Phillips has become very rich at a very young age.

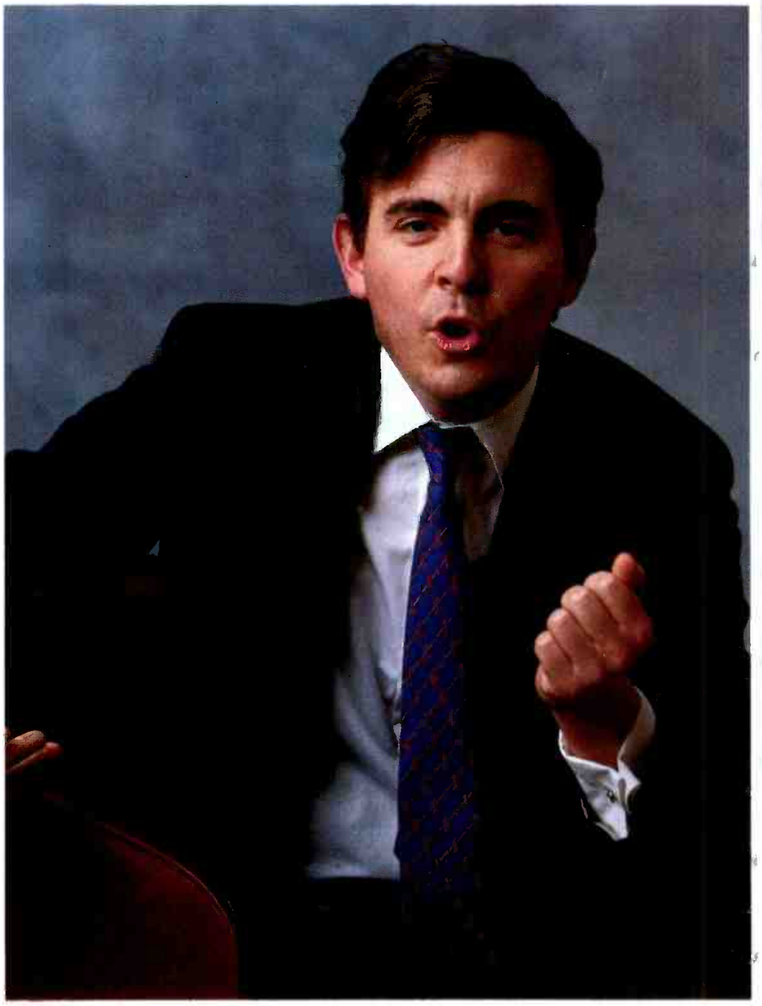
Uptown at Morgan Stanley, Steven Rattner is an anomaly in a business dominated by financial types: He has actually worked in the communications business. A framed magazine cover decorates one wall of his Morgan office in midtown Manhattan's Exxon building, a memento of his nine years as a reporter for *The New York Times*. In 1982 Rattner went from journalism to Lehman Brothers, where he worked for a year and a half before being hired away by Morgan Stanley. There he moved quickly from vice president to a principal of the firm, where as one of five people involved in developing media business, he coordinates "all of our activities in the communications industry." Morgan's media business has grown from nearly nothing a few years ago to $4 billion last year, when it sold KTLA in Los Angeles for $510 million, the most ever paid for a TV station.

Today's merger mania had its origins in 1977–78, when many of these hot young deal-makers were still undergraduates. In those years, three major media moves took place: Time Inc. bought the cable operation American Television and Communications Corp. Inc.; Cox Broadcasting tendered for Cox Cable; and Storer Communications bid for Viacom. "It was obvious that [the purchasers] were grabbing these properties at depressed prices," says newsletter publisher Paul Kagan. "And it's been going on ever since. The big difference now is the size of the deals."

The deals got bigger overnight after the Federal Communications Commission moved in 1984 to abolish the old 7-7-7 rule, raising to 12 each the number of TV, AM, and FM stations one corporation could own. Suddenly companies like

PHOTOGRAPHS BY DEBORAH FEINGOLD





'The skills I use in this business are similar to those of reporting. I used to develop sources. Now I develop clients.'

STEVEN RATTNER

Morgan Stanley

BIGGEST DEAL

CBS's stock-repurchase defense of Ted Turner's attempted takeover

PRICE

$955 million

FEE TO THE FIRM

$10.4 million

'The old relationships between a broker and an entrepreneur have changed dramatically.'

FREDERIC M. SEEGAL

Shearson Lehman Brothers

BIGGEST DEAL

Lorimar's merger with Telepictures

PRICE

$400 million

FEE TO THE FIRM

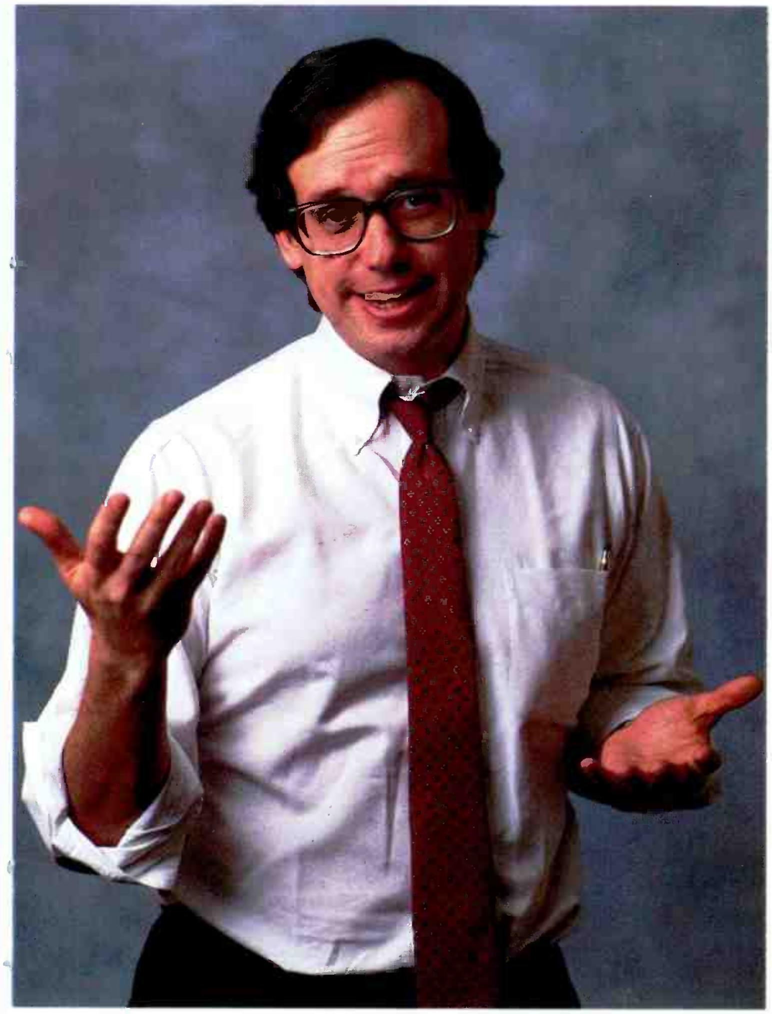
$1.7 million

Storer, Taft, and CBS, which had diversified unsuccessfully into airlines, amusement parks, and piano manufacturing, respectively, were able to expand more freely into the business they knew best. Enter the investment bankers, pencils sharpened and with large support staffs of financial experts at the ready. The experts analyzed the possibilities, saw rich buyers in the market, and soon thereafter property values soared and complex financing schemes became key.

Drexel Burnham's creative contribution to leveraging acquisitions—junk-bond financing—permits buyers, through selling securities, to raise as much as 100 percent of the money for a takeover. Although a recent Federal Reserve ruling has imposed restructions on junk-bond financing, this vehicle continues to be utilized in merger transactions, and First Boston, Morgan Stanley, and others have begun using it, too.

Armed with financing tools like this, the deal-makers are convincing businessmen of the wisdom of mergers. Their efforts are supported by big research departments that pump out slick brochures chock-full of impressive ratios. Once a broadcast or cable property is put "in play"—by an offer or even the rumor of an offer—it becomes fair game. Investment bankers, research reports in hand, peddle the property to a list of possible buyers. Ted Turner's bid for CBS put that company in play, and suddenly a number of investment bankers began shopping the company. Similarly, research on RCA was circulating long before GE's winning offer, and help explain RCA's eagerness to accept.

It's a far cry from the old days, when media brokers like Howard Stark presided over a quietly lucrative business, bringing buyer and seller together. "I never screwed anybody, I never sued anybody, and I know my business" is how the Manhattan matchmaker sums up three decades as one of the most influential peddlers of broadcast and cable properties. To hear him describe it, he ran an informal, gentlemanly business as a middleman, putting together a station owner in Peoria with a buyer in Des Moines. "We do business on a confidential, one-to-one basis," says Stark. "I don't shoot buckshot."



CHARLES G. WARD III

First Boston

BIGGEST DEAL

Cox Enterprises's purchase of Cox Communications

PRICE

$1.3 billion

FEE TO THE FIRM

$1.5 million

'It's still not clear exactly what brokers did in a lot of cases.'

INTIMATE WITH RCA

Investment bankers have played key roles in RCA's recent troubled history. But the origins of their involvement with the company go back to the close ties between RCA founder David Sarnoff and Andre Meyer, the late senior partner of the investment-banking house of Lazard Frères & Co. and an *éminence grise* of his day. Meyer, through his deals for RCA, completely altered the business mix of the once powerful communications giant. He even persuaded Robert Sarnoff, who succeeded his father as chief executive in 1970, to consider selling about 20 percent of the company to his friend the Shah of Iran.

Meyer enjoyed the inside track at RCA because General Sarnoff put him on the board of directors. The investment banker quickly arranged for RCA to acquire Random House, collecting a handsome commission for his firm. But Meyer's biggest hits came under the weak leadership of Robert.

In six years, before he was finally ousted by the board, Robert caught conglomerate fever, making him easy prey for Meyer and other deal-makers. They sold him Banquet Foods, Hertz, Coronet Industries, and Cushman & Wakefield. As the burden from all these acquisitions weighed heavily on the balance sheet, Meyer pushed the idea of selling a chunk of RCA stock to the Shah—a notion that Meyer's fellow board members, who had gone along with the other harebrained diversification schemes, finally vetoed.

Recently, of course, RCA has been unloading almost all of its acquisitions and, naturally enough, the investment bankers have been collecting fat commissions on the sales, just as they did on the purchases. Lehman Brothers Kuhn Loeb (now Shearson Lehman Brothers) took over the inside track (Peter G. Peterson, former Lehman cochairman, sat on RCA's board of directors). Lehman Brothers collected huge fees for getting RCA out of Gibson Greeting Cards and other firms acquired during the diversification surge.

No sooner did the communications company begin to recover from its past merger excesses by getting back to its basic business than Felix Rohatyn, Meyer's partner at Lazard Frères, made the ultimate deal. He arranged to sell the huge company to General Electric, thus bringing to a close RCA's colorful history as an independent company. J.F.B.

This last salvo is aimed at the investment bankers who, in the past few years, have eclipsed Stark's traditional role. The new group has uncovered riches in broadcast and cable that Stark and other brokers never dreamed of, but by firing "buckshot"—auctioning properties—they have eschewed the personal relations that Stark values.

"Today, things have become institutionalized, and the old relationships between a broker and an entrepreneur have changed dramatically," says Frederic M. Seegal, managing director of Shearson Lehman Bros. Charles G. Ward III, managing director of mergers and acquisitions at First Boston, is more blunt about brokers: "It's still not very clear exactly what brokers did in a lot of cases." Ward, a 33-year-old executive with a world-weary manner well beyond his years, is not necessarily putting down Stark and other brokers, but he clearly considers what he does much more important than what they do. While brokers still bring together owners of small, independent stations, on the bigger deals, if they are used at all, it is as consultants.

As young investment bankers have become more sophisticated in media properties, they have realized that a broadcast license almost guarantees its owners a pretax profit of about 35 percent, and that's with incompetent management. With good management, that figure can rise dramatically, as Capital Cities Communications demonstrated in 1984 when it pulled down margins of about 60 percent from its top station. Observes FCC Chairman Mark Fowler, a critic of industry complacency: "When you grow up in an industry where there are three of you in a town, and you're there for decades, and you go in each morning and turn the switch and ride the network all day, and your people go out and take orders, and you bring to the bottom line a very large sum each year, you don't really have to be the greatest manager in the world."

When takeovers first swept the industry, many owners had no sense of the true value of their companies and were shocked when investment bankers told them. Some of the companies had been in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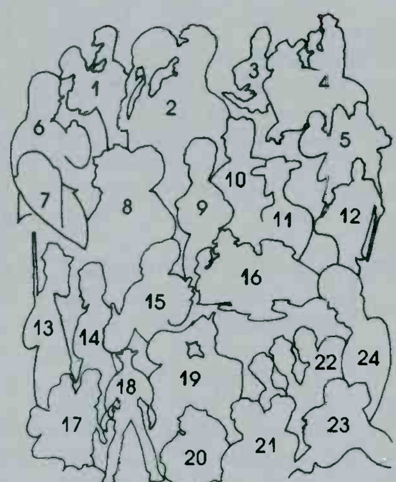
HIRSCHFELD

VIACOM PRESENTS THE FINE ART OF SUCCESSFUL PROGRAMMING

1. **The Dick Van Dyke Show**
   Dick Van Dyke, Mary Tyler Moore
2. **The Andy Griffith Show**
   Andy Griffith, Don Knotts
3. **The Twilight Zone**
   Rod Serling
4. **Gunsmoke**
   James Arness, Amanda Blake, Milburn Stone
5. **The Mary Tyler Moore Show**
   Mary Tyler Moore, Ed Asner, Ted Knight, Valerie Harper
6. **My Three Sons**
   Fred MacMurray
7. **Cannon**
   William Conrad
8. **All in the Family**
   Carroll O'Connor, Jean Stapleton
9. **I Love Lucy**
   Lucille Ball
10. **Perry Mason**
    Raymond Burr
11. **Rawhide**
    Clint Eastwood
12. **Family Affair**
    Brian Keith, Sebastian Cabot



13. **Gomer Pyle, U.S.M.C.**
    Jim Nabors
14. **Hogan's Heroes**
    Bob Crane
15. **Hawaii Five-O**
    Jack Lord
16. **The Honeymooners**
    Jackie Gleason, Art Carney, Audrey Meadows, Joyce Randolph
17. **The Beverly Hillbillies**
    Buddy Ebsen, Irene Ryan, Max Baer, Donna Douglas
18. **Have Gun Will Travel**
    Richard Boone
19. **The Wild, Wild West**
    Ross Martin, Robert Conrad
20. **The Life and Times of Grizzly Adams**
    Dan Haggerty
21. **Petticoat Junction**
    Bea Benaderet, Edgar Buchanan
22. **The Rookies**
    Kate Jackson, Michael Ontkean, Georg Stanford Brown, Sam Melville
23. **The Bob Newhart Show**
    Bob Newhart, Suzanne Pleshette
24. **The Phil Silvers Show**
    Phil Silvers

TWO YEARS OF INTENSIVE DEAL-MAKING

A sampling of the biggest electronic media transactions of 1984 and 1985.

(P) indicates those pending.

PRICE AND DATE	DEAL	FINANCIAL ADVISERS
$6.28 billion 12/85 (P)	RCA bought by General Electric	Lazard Freres; Goldman, Sachs
$3.557 billion 3/85	ABC bought by Capital Cities Communications	First Boston; Warren E. Buffett
$2.59 billion 4/85	Storer Communications bought by Kohlberg, Kravis, Roberts & Co.	Dillion, Read; Kidder, Peabody
$2.1 billion 8/85 (P)	Group W Cable bought from Westinghouse by Time Inc., Tele-Communications Inc.	Shearson, Lehman; First Boston
$2 billion 5/85 (P)	7 TV stations bought from Metromedia Inc. by Twentieth Holdings (Rupert Murdoch and Marvin Davis)	Drexel Burnham
$1.409 billion 8/85 (P)	MGM/UA bought by Turner Broadcasting System	Drexel Burnham
$1.267 billion 4/85	Cox Communications Inc. (TV and cable) bought by Cox Enterprises (newspapers)	First Boston
$950 million 8/85	Remaining half interest in Warner Amex Cable bought from American Express by Warner Communications	Not disclosed
$890 million 2/85	Multimedia bought by management and investors	Not disclosed
$755 million 2/85	Broadcast properties bought from Gulf Broadcasting by Taft	Goldman, Sachs; First Boston
$717 million 8/85 (P)	Evening News Association (including TV stations) bought by Gannett	Salomon Brothers; First Boston
$716 million 3/84	Harte-Hanks Communications Inc. bought by management	Salomon Brothers; Goldman, Sachs
$690 million 8/85	66% of MTV Networks and the remaining 50% of Showtime bought from Warner Communications and Warner Amex by Viacom	Not disclosed
$625 million 2/86 (P)	Outlet Co. (TV and radio stations) bought from Rockefeller Group by Wesray Capital Corp.	Not disclosed
$575 million 12/85	Remaining half of Twentieth Century Fox bought from Marvin Davis by Rupert Murdoch	Not disclosed
$510 million 5/85	KTLA-TV (Los Angeles) bought from Golden West Television by Tribune Co.	Morgan Stanley; Salomon Brothers
$485 million 6/85	Embassy Communications and Tandem Productions bought from Norman Lear and Jerry Perenchio by Coca-Cola	Allen & Co.
$478 million 8/84	SFN Companies bought by its management	First Boston; Morgan Stanley; Drexel Burnham; E. M. Warburg, Pincus
$470 million 8/85 (P)	United Artists bought from MGM/UA by Tracinda Corp.	Drexel Burnham
$450 million 5/85 (P)	WCVB-TV (Boston) bought from Twentieth Holdings by Hearst Corp.	Not disclosed
$387 million 2/86 (P)	WOR-TV (New York) bought from RKO General by MCA Inc.	Kidder, Peabody; Lazard Freres
$365 million 7/85	11.7% of CBS bought by Loews Inc.	Not disclosed
$350 million 6/85 (P)	Cable systems bought from Cap Cities by Washington Post	None employed
$314 million 8/85	15% of Warner Communications bought by Lorimar	Not disclosed
$310 million 11/85 (P)	KHJ-TV (Los Angeles) bought from RKO General by Westinghouse	Kidder, Peabody
$300 million 10/85 (P)	Lorimar merged with Telepictures	Allen & Co.; Shearson Lehman; Drexel Burnham

Sources: Morgan Stanley, Salomon Brothers, and news reports

CHARTS BY MOFFIT CECIL

family hands for decades; others were run by former newsmen with minimal business acumen. When the Evening News Association became the object of a takeover battle last year, many insiders tendered their shares back to the company for as little as $250 a share. About a year later, Gannett ended up paying more than $1,500 a share to acquire the company. "They didn't know what they had," says Peretsman.

It was as if Wall Street deal-makers had stumbled on a diamond in the rough. Many didn't understand the financial dynamics of media companies, which they had been analyzing in the same way they had steel mills and computer companies. What they failed to appreciate is the hidden profits from the cash flow of broadcast, cable, and newspaper companies. The profits of such companies are often disguised by noncash expenses like depreciation, amortization, and interest payments. These items, required by accounting rules, can mask the true performance of a media company and can even produce a bottom line showing a paper loss. The same company, looked at differently, may actually be a healthy, cash-generating machine producing far more than it needs for operations. And that cash overflow has helped fuel the deal-making fires by financing increased debt.

This gives media owners an advantage enjoyed by real estate investors. "You buy a building," says Willard Overlock, the Goldman Sachs & Company partner in charge of mergers and acquisitions, "and then think about how you can take the flow of cash from the building to cover the mortgage." But media owners haven't taken advantage of their borrowing power. "The broadcast industry has been terribly under-leveraged," says Paul Kagan. "In mid-1984 we figured that the industry had borrowed about 1.4 times its cash flow, instead of the five or six times that it could."

The fact that credit has been plentiful and interest rates low, has only added fuel to the merger fires. "The primary ingredient of this big splash has been low interest rates," maintains Kagan. Bankers jumped at the opportunity to finance media-company deals, once they understood the mystery of cash flow. John Kluge bought out the stockholders of Metromedia by using bank financing. Then he turned to Drexel Burnham, which converted the bank debt to junk bonds with less restrictive covenants and more liberal terms.

Two transactions stand out in particular as leveraging landmarks because they included many elements that would soon become commonplace within the investment-banking fraternity. The first involved A.H. Belo, which in 1983, in spite of its market value of only about $400 million, paid Dun & Bradstreet $606 million in cash for six television stations. "It was a kind of bet-your-company play," says Gary Gensler, 28, a Goldman Sachs vice president who was part of Dun & Bradstreet's team in the transaction. "They leveraged the whole thing." And then in 1985, before the FCC's repeal of the 7-7-7 rule became official, First Boston helped engineer the acquisition of the Gulf Broadcast Group by Taft Broadcasting. Using leverage and relying on the anticipated cash flow of the acquired stations to help pay off the debt, Taft more than doubled its size, acquiring a company for a price greater than its own net worth. Overnight, Taft grew from a medium-sized company into one of the nation's largest television owners.

Both of these transactions highlight what Paul Kagan calls "the gap between the public and private values" of media stocks. That's the difference between the public stock-market value of a company and what it would fetch if it were broken up and sold privately, piece by piece. "Mergers, leveraged buy outs, and liquidations are all of a piece," says Kagan. "They're different names and different vehicles for the same thing: realization of full private-market value." Taking advantage of this disparity, deal-makers get clients to buy a company by acquiring its depressed stock and selling off its assets—individually or in lots—at a handsome profit. Known in the investment-banking trade as "slicing the bologna," the acquirer in effect buys bulk and sells retail. Taft bought all of Gulf, then sold off the radio stations to CBS for $107.5 million, significantly reducing the cost of its original transaction.

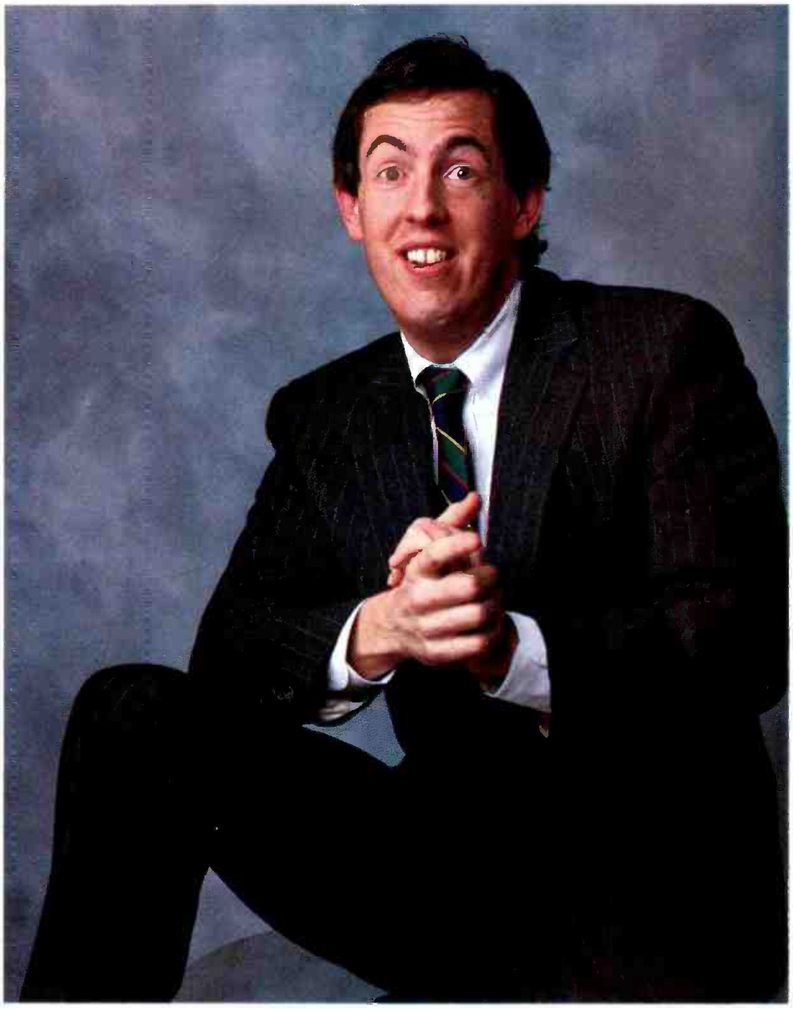
As the number of investment bankers has increased, the competition has gotten tougher. "Not long ago, it was like shooting fish in a barrel for the few firms that were in the business," says Rattner of Morgan Stanley. Not any longer. "There's no question that the going is getting rougher now, and it will be interesting to see what happens if the communications industry slows down."

Rattner spends a lot of time these days "keeping clients happy" so they don't jump ship. And he makes lots of cold calls, in search of "a company that's ripe for something." Business also comes through referrals from his clients or from clients of others at Morgan Stanley. But primarily it comes from using the same aggressive techniques that made Rattner an effective journalist. "The skills I use in this business are similar in a lot of ways to those of reporting. I used to develop sources. Now I develop clients," he says.

Nancy Peretsman says she continues to operate in the way that won Salomon the Evening News business. Once that company was in play, she picked up the phone, dialed the Detroit number, and said, "I want to come and see you guys." Reflecting Salomon's concept of total financial service, through which it has raised more new money for American corporations than any other investment bank, Peretsman says that too many of her competitors are only interested in doing deals. "These guys run around the country and figure out who will buy and who will sell. But buying and selling is just one alternative when a company has problems. Companies can also recapitalize and refinance themselves, and they should be aware of that."

Now that investment bankers have helped drive up the selling prices of media properties, some among them worry that the trend has gone too far. Nobody knows, for example, how some of these big-spending buyers of independent stations, now that they are saddled with massive debt payments, will also pay soaring programming costs even as television advertising flattens. Some sellers are already displaying resistance to the heightened expectations. Morgan Stanley recently withdrew three UHF stations from play and Goldman Sachs pulled back two VHF stations when it couldn't get its price.

Nevertheless, when the buyer is Tribune, Westinghouse Broadcasting, or Rupert Murdoch, it becomes a seller's market. These companies need access to certain markets if they are to succeed in their strategy of building a fourth network. But like waterfront property, broadcasting licenses exist in limited numbers, so many buyers are indeed paying outrageous markups. To get KHJ-TV, the lowest-ranking station in Los Angeles, Westinghouse plans to lay out $310 million, while Murdoch paid more than $2 billion for Metromedia's seven stations and became, overnight, a major player in broadcasting.



'Younger people are congenitally able to handle risk better.'

ARTHUR PHILLIPS

Drexel Burnham Lambert

BIGGEST DEAL

Refinancing of Harte-Hanks Communications

PRICE

$400 million

FEE TO THE FIRM

$11 million

How will all these financial manipulations affect the quality of programming and news? Nicholas Johnson, the former FCC commissioner who is now a lecturer and columnist, worries about financial types heading up television operations. "They'll run them with the same concern for the bottom line that they show for the fertilizer subsidiary of a petrochemical company," he says. "There's less room for risk, less room for a Bill Paley or a General Sarnoff to exert personal influence. However critical we were of them at the time, they did have their standards."

But the deal-makers don't see things changing much, arguing that the same people are running the businesses and that just the finances have changed. Augustus Oliver of Conniston Partners, a limited partnership that acquired more than 5 percent of Storer, then forced management to sell out to Kohlberg Kravis Roberts and Co. at a massive profit for Conniston, maintains that it's just "moving money back and forth among some wealthy people, a little like trading sardines. I question whether you and I, as consumers, should be concerned about it. But the only way to assess it is to have this conversation five years from now." ●


ZENITH

Man of Influence

by Audrey Berman

'The sound of words is the body language of the ear.'

Tony Schwartz in his state-of-the-art studio.

Drop by media guru Tony Schwartz's townhouse in Manhattan at the right moment and he may be talking to his colleague, Bob Landers. Nothing unusual about that except that Landers happens to live in Carlsbad, California, and though his voice bounces off two satellites to get to the East Coast, it arrives in full-blown high fidelity.

Schwartz and Landers share a little inside joke: They communicate to work. And it is work they do. Tony writes and Bob reads eight or 10 commercials a week, something they've been doing for 20 years. "Bob is the best announcer in the world," says Schwartz affectionately. "And I can reach him quicker than I can get any other announcer in New York City, unless he's walking past this door." The door is the one to his home studio, where Schwartz, the ad man, political consultant, and author of two scholarly books on radio and TV, creates his scripts and then sends them to Landers by Qwip or by computer ("we also compute to work").

Landers, in the workroom next to his kitchen, rehearses and records the commercials and feeds them back to Schwartz, who edits them and has them delivered to the agency. "We know of no other twosome that does anything like this. The idea of two people communicating by satellite across the country is not new in telephone quality, but it's unheard of in high fidelity."

Such communication is possible thanks to a Culver City, California, company named IDB Communications, which distributes the satellite transmissions for CBS radio and other broadcasters. Landers uses one of IDB's channels four hours a day, and transmits his voice to a New York City earth station, which relays it to Schwartz's home. From door to door, Landers's voice travels about 90,000 miles.

PHOTOGRAPH BY BENNO FRIEDMAN

PHOTOGRAPH BY MARK HANAUER

Bob Landers doesn't have to leave his West Coast studio to make Tony Schwartz's commercials in New York. Here he's sharing a transcontinental joke.

'Commercials don't have to be expensive to work. My daughter did this art.'

'Congress wants to prevent negative political commercials. And they say this one was the first of them all. But it would pass all their guidelines today.'

Here is a media consultant to presidents and governors who says that images don't count.

'These Coke bottles were all you saw on the screen for 60 seconds, and yet it won first place at the Cannes Film Festival.'

'The emotional set-up was made while the screen was black. This visual was the payoff.'

PHOTOGRAPHY BY DONAL HOLWAY

Man of Influence

Landers's velvet voice is so well suited for a Tony Schwartz commercial that they are true collaborators. Having worked together for so long, Landers knows just the inflection, just the coaxing tone that Schwartz aims for. "The sound of speech," says Schwartz, "is the body language of the ear." Their ads are lessons in subtle persuasion. Remember the Alka Seltzer commercials, where an off-camera voice says, "What do you mean you're sending six gross? I only ordered a dozen!" while the sole visual is a glass of water and a hand dropping two tablets that fizz in relief. Or the thirst-provoking Coke commercial, where the only image is two bottles of Coke, the only movement the beads of condensation dripping down their sides. And perhaps the most famous of all, though it aired only once: the-girl-and-the-daisy spot with which Lyndon Johnson successfully cast Barry Goldwater as a warmonger.

Tony Schwartz is literally a man of influence. The creator of thousands of radio and television commercials, he has been striking responsive chords for almost 40 years, and is so successful at it because he has done his research—or "presearch," as he is fond of saying.

He also likes to say that television is not a visual medium. In fact, he finds the notion ridiculous. "They called it a visual medium because the visual was the new element that was added to radio. Just like when they added sound to movies and called them 'talkies.' Movies were more of a visual medium before sound came along." Here is a media consultant to presidents and governors—an image-maker—saying that images don't count. It is especially ironic that Schwartz began his professional life as an art director. In most cases, he maintains, once the picture catches the eye, it is the sound that delivers the message. "If you had two sets, one with a broken picture tube and one with a broken speaker," Schwartz says, "you'd get much more out of the one with the broken picture tube."

The trouble with today's television commercials, according to Schwartz, is that they rely on the principles of print communication, which are totally different from those of the electronic media. "The agencies are busy studying learned recall. The real thing we have to deal with in this field is *evoked* recall. They're studying what you remember after you hear a commercial. I'm more concerned with what you remember *while* you're hearing a commercial."

Landers offers the old Pillsbury commercial to illustrate the point. "Remember 'Nothing says lovin' like something from the oven'? That subliminally says 'nothing says lovin' like childbirth.' This is evoked recall.

"If we're going to deal with what's evoked, it pays to learn beforehand what *can* be evoked," says Schwartz, warming up to his favorite slogans. "See, we're really dealing with a new form of PR. It's not public relations or press relations; it's really personal retrieval. It's really PR for people's recall. PR for people's reactions." Which brings us to Schwartz's company: Planned Reactions. "We're structuring people's reactions," he says.

According to the Schwartz Theory of What Makes People Listen, "People don't have earlids, therefore what determines what someone listens to? Whatever interests them." Schwartz proves this with the story of how he can narrowcast his ads to just one person. He did just that when the president of NBC Radio called with a problem: Lee Iacocca had just moved from Ford to Chrysler, and NBC wanted the Chrysler business, but Iacocca thought manufacturers shouldn't advertise on radio, dealers should. Could Tony Schwartz do anything?

This is where presearch came in. Schwartz had a research firm interview 45 Detroit business leaders, asking them about government regulations, what they thought about local issues—and what radio station they listened to when they drove to work. But all he really wanted to find out was to which station Iacocca listened, and then he ran a commercial on that station directed specifically at Iacocca every morning for five days.

The spot began: "Do you know anybody who looks at television or reads a newspaper while they're driving to work? Well, do you know a lot of people who listen to the radio while they're driving? . . . Radio is the only medium that can talk to these people while they're actually involved with their cars."

Iacocca got the message. Within a few days Chrysler bought ads on the NBC, ABC, and CBS radio networks, and within a few more days, so did GM. ●

TV'S NEW RULE BOOK

Once an interested bystander, the advertiser today is changing the way the game is played.

The following special report is based on the proposition that in recent years sports and television—above all, network television—have not merely affected one another but have *transformed* one another. Television technology has fundamentally changed the way Americans watch sports. At the same time, ever-expanding TV sports revenues have pulled network bottom lines up and up and up—until now.

In the opening piece of this "In Focus" report, business writer Thomas Easton and *Channels* senior editor James Traub chronicle a tale of paradise lost, of dollars diverted and, as a result, of profits diminished. The towering network-sports edifice has been reared with a steadily increasing supply of advertising dollars. But in the past year that supply has diminished, and the networks have been hit where it counts—in their closely watched profit margins. The era of spectacular growth and easy money has come to an end, and the three networks, as well as the sports leagues, are being forced to moderate their expectations.

But television, in one guise or another, will continue to mediate sports for the American public. As television technology has evolved, so has our experience of the games we see on the screen. In a unique survey, TV sports expert Julie Talen explains how the camera has in some instances expanded—and in others contracted—our perception of everything from baseball to boxing.

The camera in television sports can be viewed as a teaching tool, and the sportscaster, at his best, anyway, as a kind of teacher. In the closing article of this focus on sports, scholar and essayist Jay Rosen argues that television, which reduces political processes and events to unconnected images, provides the ideal teaching environment when it comes to sports.

ILLUSTRATIONS BY GREG COUCH

IN FOCUS

Caught in a Squeeze

When advertisers stopped paying the freight last year, network sports was rocked. This year may be even worse. **BY THOMAS EASTON**

SO FAR ONLY THE NETWORKS HAVE SUFFERED. THE SPORTS LEAGUES WILL BE NEXT.

FORTY-TWO YEARS ago the Gillette Company practically invented the business of televised sports. With the Willie Pep–Chalky White featherweight title bout in 1944, the *Gillette Cavalcade of Sports* came into being. For the next 20 years, Gillette and its Blue Blades served as the sole sponsor of major prizefights, college football bowl games, the baseball World Series and All-Star game. By 1964 televised sports had become too vast and expensive a business for one company to sponsor major events by itself, and the *Cavalcade* left the air. But over the next 20 years, as the number of hours the networks devoted to sports broadcasting nearly doubled, and annual network sports ad revenues leaped beyond $1 billion, Gillette's commitment steadily grew. Gillette wanted to reach young men, after all, and network sports was *the* place to find them.

And then, on March 4, 1985, Brian McFarland became Gillette's vice president for advertising services. "The first day I arrived on the job," recalls McFarland in his strong Boston brogue, "I realized what we were paying for baseball. I couldn't believe it. It was way out of line with everything." From that moment on McFarland began paying close attention to a host of dismal numbers: The huge annual rights fees the networks were paying the sports leagues; the sinking ratings of major sports events, especially among young men; and the ever rising cost of a 30-second advertising spot on network sports. "Every year it was going up 10 percent," says McFarland. "Everyone thought it would go on forever."

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But it didn't; and it didn't because people like McFarland took drastic action. Since time out of mind—since radio days—Gillette had bought, in advance, large blocks of ad time on the World Series, the All-Star game, and later the play-offs, in exchange for a guarantee that no other razor blade company would get on the air. McFarland decided the company was buying too much time and spending too much for it. And so, forsaking exclusive rights, he bought ad spots during the season at a discount of up to 50 percent—saving millions of dollars. He also moved 20 percent of his sports advertising budget into nonsports programming, and—much worse from the networks' point of view—10 percent into sports on cable TV and broadcast syndication.

The consequences of decisions like McFarland's were disastrous for network sports. Nineteen eighty-five was the year the networks' sports dynamo, after throwing off hundreds of millions of dollars in profit over the years, shuddered to an absolute, dead halt. "And we may not," adds McFarland, "have seen the final chapter yet."

Sports programming is very, very important to the three networks, and has become steadily more so over the years. Each network now shows about 10 hours of sports per week. The advertising revenues from these programs make up 15 percent of the network total. In past years sports has been a dependable money-maker, and a great source of prestige and publicity; thus its rapid growth. But in 1985 CBS earned a mere $10 million on sports;

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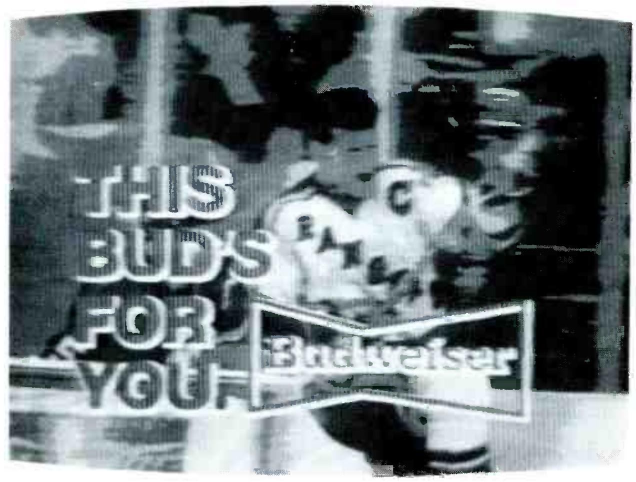
NBC earned no money at all; and ABC, the network that sports practically created 25 years ago, managed to lose as much as $50 million.

ABC owed virtually all its losses to a poor advertising market for its Monday Night Football. Though the network has officially denied large losses, its new owners, the famously cost-conscious Capital Cities, made their unhappiness known in January when they removed sports from the domain of the legendary Roone Arledge. Not only was Arledge told to concentrate exclusively on news (though officially he was given a promotion), but his longtime sports chief, James R. Spence Jr., was passed over for Arledge's job in favor of an outsider, Dennis Swanson. Spence, who had been predicting an upturn in the division's profitability, resigned, while Swanson inaugurated the new regime of lowered expectations by speaking of "difficult times ahead."

The networks' problem with sports programming can be expressed in the simplest law of economics: supply and demand. As the quantity of sports programming on the networks has grown, so has the supply, or inventory, of advertising minutes. Locked into multi-year contracts with sports leagues, the networks cannot easily cut back on the inventory, as a retailer would in lean times. When demand fails to keep pace with supply, the networks must roll back their cost-per-thousand in order to sell time. And this is precisely what happened in 1985, when the networks were forced to charge, on average, the same price for a 30-second ad that they had received the year before—or even the year before that. But the networks were paying more and more—staggering sums, it now seems in retrospect—for the rights to air major sports events (see chart).

For the first time the networks were forced to dance to the advertisers' tune. This role reversal became painfully dramatic last fall, when advertisers simply refused to pay the $150,000 or so per 30 seconds the networks were charging for NFL football. Network ad salesmen were on the phone literally the day of the game offering discounted advertising time. "You could have bought it for 40 or 50



Sports advertisers *are discovering cable. Anheuser-Busch recently agreed to spend close to $100 million over the next five years on ESPN, the sole outlet for pro hockey.*

DONAL HOLWAY

cents on the dollar, depending on how desperate they were," recalls Louis M. Schultz, executive vice president of Campbell-Ewald, Chevrolet's ad agency. Advertisers, Gillette among them, discovered the pleasurable new art of snapping up cheap ad time at the last minute.

And they have not forgotten it. The networks will have to reduce the cost of air time significantly this year if they want to attract up-front advertisers, certainly for the football schedule. "Sports pricing," says Steven Grubbs, head of sports advertising at BBDO, "is likely to remain attractive."

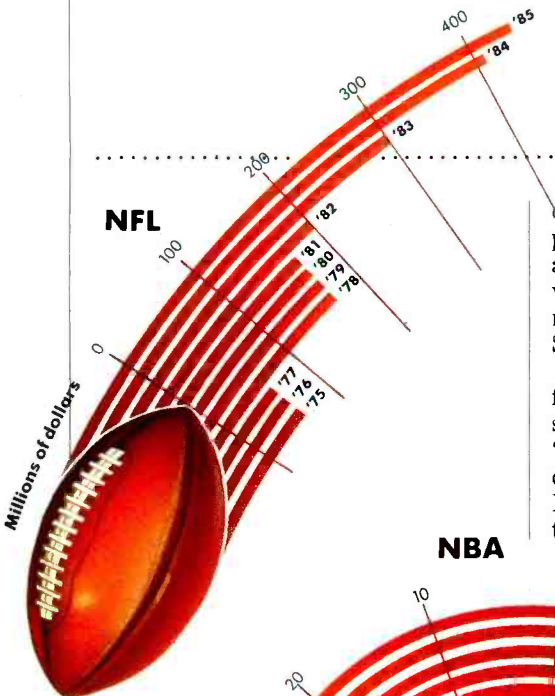
While the consequences of major advertisers' new attitude toward sports programming are clear enough, the causes are a good deal more complex. A general decline in the traditional rate of growth of advertising budgets hurt all ad-supported media last year. Rough times in such industries as computers, which buy large amounts of time on sports events, led to even deeper cuts. The rise of the working woman—an old story, one would think, by now—persuaded some advertisers to pursue the female buyer. The most prominent among these firms was Chevrolet, which switched 25 percent of its sports advertising budget to prime time. The car maker let CBS and NBC bid against each other for the right to its remaining football dollars (CBS won), and refused for the second straight year to pony up the giant sums needed for the Super Bowl.

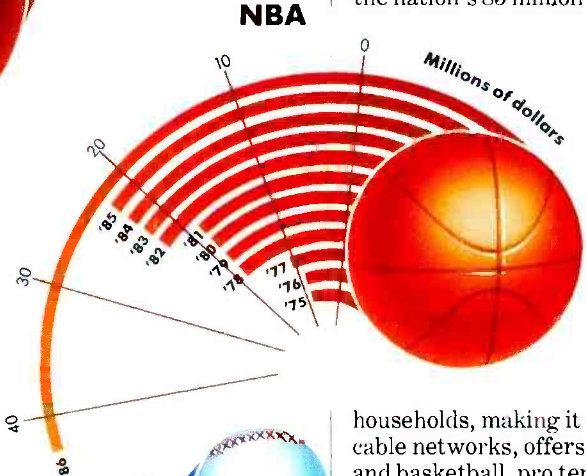
The networks don't have a terribly high opinion of this new marketing strategy, even though much of the money lost by one hand is regained by another. Jerome Dominus, head of sales at CBS, insists that "it's baloney. Roughly one-quarter of the [sports] audience is women. They overreacted. They threw out the baby with the bathwater."

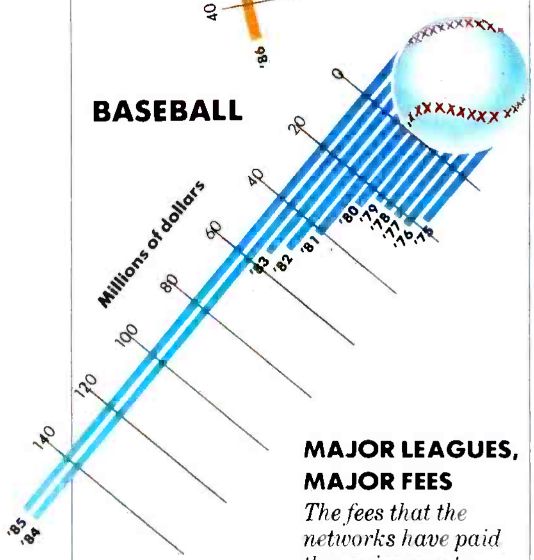
But many advertisers had a more compelling reason to withdraw some money from network sports. As Paine Webber analyst Ken Noble puts it, "If people aren't going to watch sports on television, advertisers won't pay to reach them." But between 1980 and 1984 NFL football lost 7 percent of its viewers and 12 percent of men 18 to 34 (see chart). Baseball lost 26 percent of its overall viewership and a staggering 63 percent of young men. Professional basketball's audience, intriguingly, grew larger and more prosperous.

Sports programming has simply grown too quickly. Too many hours have been chasing too few viewers. The networks have even tried to stretch the sports dollar by spawning the "anthology" sports program, usually involving cheerleaders' mud-wrestling matches interspersed with probing interviews by sportscasters.

But the big change is that sports enthusiasts scarcely need the networks any longer. The court-ordered breakup of the NCAA's monopoly power over college sports broadcasting has allowed syndicators a chance to offer







MAJOR LEAGUES, MAJOR FEES

The fees that the networks have paid the major sports leagues have shot up giddily, making athletes rich and team owners richer. Now the go-go years are ending, though basketball has gained ratings and ad dollars.

college football and basketball packages on cable networks and independent television stations. A viewer who loved his basketball can now take in a dozen college games on a Saturday.

Major cable networks have added further to the staggering load of sports shows. "Cable," says Jerome Dominus, "is a razor cut—a small piece. But a lot of razor cuts can make you bleed." ESPN, which now reaches 37 million of the nation's 85 million television households, making it the largest of all cable networks, offers college football and basketball, pro tennis and hockey, as well as other sports. HBO offers boxing matches, and Ted Turner's superstation WTBS is now gearing up for the Goodwill Games between American and Soviet sports delegations—an event analyst Larry Gerbrandt calls "the big sports syndication story of 1986."

Advertisers, in other words, have found new outlets for their sports dollar. The local and regionally syndicated sports market has tripled over the last two years to $600 million; by 1990 it is expected to reach $1 billion. The Goodwill Games are expected to attract $50 million to $60 million in ad spending this summer. And ESPN, which turned its first yearly profit in 1985, is expecting roughly $80 million in ad revenues this year. ESPN recently signed a five-year contract with its principal sponsor, Anheuser-Busch, which the cable network's vice president for advertising, Bob Jeremiah, puts at slightly under $100 million. Last year a number of major sports advertisers, including Gillette, signed seven-figure contracts with ESPN for the first time. The network is still a long way from being able to afford professional football or, say, the baseball play-offs, but its audience is growing as the cable universe fitfully expands. And its demographics are healthy. "With the networks," says Jeremiah, "you get a middle-to-downscale audience; with cable you get a middle-to-upscale audience."

Finally, network sports programming has lost at least as many viewers, especially young men, to entertainment programming as to non-network sports. This trend seems to have something to do with changes in programming—and something to do with changes in young men. "I think," says Brian McFarland, "there are some sociological changes going on. The youth of America are not as interested in sports as they were 15 years ago. Kids begin shaving at age 12 to 14, and they are as likely to be watching MTV or *Miami Vice* as to be on a ball field." Both Gillette and Miller, among others, have been following their young male audience to these new shows. Five years ago Miller spent 95 percent of its ad budget on televised sports; now the figure is down to 70 percent, and Miller has become a significant sponsor on MTV.

What do you do if you are the head of a network sports division and you want to retain your job? You grow suddenly candid, for one thing. NBC sports president Arthur Watson recently conceded to an interviewer that all three networks lost money on NFL football, and added, rather fiercely, "Anybody who tells you differently is lying through his teeth." For the last year CBS sports chief Neal H. Pilson has been telling anyone who will listen that the bloom is off the rose of network sports. "We can't get the pricing we need to support our sports efforts," Pilson readily admits. "So you have only one choice: reduce costs." This is what is known in the world of policy as jawboning. Pilson and his brethren are preparing their suppliers—the professional and college sports leagues—for some very tense negotiating.

Until recently these negotiations have been marked by the fraternal

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ease of a transaction among plutocrats. Sports commissioners like NFL czar Pete Rozelle have dictated the terms of the next contracts to the networks, who have then turned around and dictated terms to the advertisers. The rebellion of the advertisers has, in effect, reversed the process, with the networks now putting the sports suppliers on notice that the era of haggling has begun. The networks will pay the NFL $500 million for television rights in 1986, the last year of a five-year contract. Neal Pilson has been claiming that the networks may offer *less* for 1987 than 1986. Even Pete Rozelle has conceded that the era of regular increases is over, at least temporarily. Rozelle has even launched a minor counterattack by examining such alternatives as syndication and pay cable. But the real question—for network sports, pro football, and Rozelle's job security—is how sharply growth will be curtailed.

The networks gave clear notice of their intentions in the unusually bitter negotiations with the South Korean government over the broadcast rights to the 1988 summer Olympics. Rights costs have normally doubled or tripled from one Olympiad to the next. With the 1984 Summer Games in Los Angeles having gone for $225 million, the South Koreans were expecting to reap up to $1 billion; NBC won the lukewarm bidding for $325 million. Even at that price, the contract has yet to be signed. NBC ascribes the delay to problems in translation, but observers speculate that the network may be reconsidering its own offer.

In the future—and the future has virtually arrived—the networks may decide which sports events are worth the risk and which are not. The prestige events—major league football and baseball, the Olympics—will probably not go anywhere, at least for a while. But the number of broadcast hours may decrease. Dennis Swanson has begun to make public noises about the high cost of ABC's contract with the NFL for *Monday Night Football*. The show, he has implied, may be canceled after next season. And organizers of relatively minor sports events may have to begin dickering with syndicators and cable networks. These include horse and auto races and college bowl games. CBS has already canceled the Belmont Stakes because its ratings dwindled.

Despite all the turmoil, grief for the networks' predicament may be premature. The networks still have the big events that some advertisers view as the bulliest of all pulpits. This past January NBC charged $550,000 for a 30-second spot during the Super Bowl game—exactly twice the going rate five years earlier. The network paid the NFL $17 million for the rights to the game, and took home as much as $40 million. Professional basketball is thriving; CBS shelled out $43 million a year for four yeras of Sunday afternoon games and playoffs, twice the previous figure. And ironic though it sounds, sports ratings improved significantly in 1985, the year ad rates collapsed. It was a case of delayed reaction.

WITH THE NETWORKS LOCKED INTO LONG-TERM CONTRACTS FOR SPORTS, THE NEXT FEW YEARS MAY BE WORSE THAN 1985.

Unless the ratings start falling once again, which most observers consider unlikely, network sports will continue to be a place where major national advertisers want to be. Major advertisers, such as Nissan, have been unfazed by the changes in network sports programming. Others have moved to a highly targeted strategy that has kept them in a few sports and out of the others. Paine Webber, for example, has focused its efforts on golf and tennis, two low-rated sports viewed by the kind of people who use financial services. Arby's, the roast-beef people, has decided to devote virtually all its television advertising to baseball. Company officials figure that since they can't go up against Burger King and McDonald's dollar for dollar, at least they can make a big splash in one area.

Now that the ratings have begun to bounce back, some network executives have implied that 1985 may turn out to have been a bad dream, a dire but unfulfilled omen. Yet with one more year to run on the networks' NFL contract and three more on their baseball contract, it's entirely possible that the worst is yet to come. In retrospect, 1985 is likely to be seen as a watershed year, when the networks reined in their free spending and learned to live in an age of limits. In moving some of their money elsewhere, advertisers have learned some new ways to skin a cat. They are not likely to suddenly forget. "Just because the ratings are up doesn't mean we'll rush back in," says Brian McFarland of Gillette. After 40 years the advertisers' cavalcade is beginning to scatter; now that they have broken ranks, advertisers are not likely to fall in step once again. ●

REGULAR SEASON RATINGS

(% of television audience watching program)

		1980	1981	1982	1983	1984	1985
NFL	total	16.5	17.2	16.3	15.4	14.0	15.8
	Men 18-34	15.5	17.8	16.7	14.7	13.6	11.6*
BASEBALL	total	7.9	6.5	8.0	7.1	7.0	6.6**
	Men 18-34	11.2	8.5	9.0	6.3	6.5	3.4**

** Overall ratings unavailable. Figure reflects estimated ratings for NFL Football on CBS only*

*** Figure reflects estimated ratings for baseball on NBC only*

How the Camera Changes the Game

Some sports are TV-friendly; others lose in translation. **BY JULIE TALEN**

DONAL HOLWAY

Harry Coyle

EARLY FANS WERE EASILY SATISFIED, SAYS NAC'S HARRY COYLE. 'JUST SEEING A PICTURE MADE THEM GO APE'

HARRY COYLE, coordinating producer of baseball for NBC, sketches a rough layout of Yankee Stadium. "Now, when we did the World Series in 1947," he says, "we had three cameras—one behind first base, one behind third base, and one over home plate, high in the stands." He marks each spot with an X. "And that was it. These were the only cameras we had—if a camera went down, it went down. We had a crew of seven. The game went out to maybe a few thousand people in New York.

"Now, let me tell you about our last World Series," Coyle says expansively. He lights a forbidden Parliament cigarette, leans back in his chair, and reels off the numbers: 14 fixed cameras, 10 videotape machines for replays, two hand-held cameras, the Chyron character generators, a camera in a blimp, "plus a crew of 80, a reliability factor of 100 percent on the cameras, and an audience of millions, worldwide, by satellite." He pauses for effect. "That's the story," he says.

Sports on television has not merely grown up in the span of this garrulous director's career. The game on television has gained its own identity, separate from the game itself. This spectacle has no name to separate it from the original, as we distinguish a record album from a live performance or a photograph from its subject. "Sports on television," or "televised sports," or whatever you want to call it, is nonetheless a form unto itself: The message and the medium combined to become something new.

In the stands, the fan's perception of the game is dictated by the nature of vision itself, since the brain directs the eye to focus on one subject in a diverse field and can change that focus in milliseconds without confusion. The camera flattens that experience. "The problem with cameras," says ESPN's vice president of production, Scotty Connal, "is that they don't have peripheral vision."

Roone Arledge, who, as executive producer of ABC Sports opened more eyes to more sports than any other American, has tackled the problem. "You must use the camera—and the microphone—to broadcast an image that approximates what the brain perceives, not merely what the eye sees," he said a decade ago. "Only then can you create the illusion of reality."

The illusion of reality—that's the reason for the mikes, the multiple cameras, the replays, the close-ups. But illusions on any screen have a feisty tendency to take on a reality of their own. Over the years these video illusions have become the sports' reality for those TV viewers who rarely saw them in person. But in this new form, all sports are not created equal. The most popular sports on TV are those best served by the medium's limitations.

FOOTBALL

The most popular sport on television is also the easiest team sport to televise. "It's impossible to blow a football game," says Chet Forte, director of ABC's *Monday Night Football* since its debut in 1970. Football works as a flattened sport. Its rectangle fits on the screen far more

Julie Talen is a New York writer who grew up in Green Bay, Wisconsin, in an era when the Packers almost never lost a game.

readily than, for example, golf's far-flung woods and sand traps. The football moves right or left and back again. Its limited repertoire—kick, pass, and run—sets it apart from, say, baseball, where the range of possibilities for the ball and the players at any given moment is enormous. "The reason it's easier to cover," says CBS's top football director, Sandy Grossman, "is because every play is a separate story. There's a beginning, a middle, and an end, and then there's 20 or 30 seconds to retell it or react to it."

Until the mid-'50s, cameras typically had a turret of three fixed lenses, and a lens could not be changed—from wide to close-up, for example—while the camera was on the air. The game was covered with three such cameras clustered at the 50 yard line. A football director was kept busy calling lens changes as well as the shots.

In the 1960s, NBC and ABC covered college football and the fledgling American Football League, while CBS had exclusive coverage of the powerful National Football League. As ABC's Forte tells it, the early AFL games were so poorly attended that ABC and NBC consistently aired tighter shots of the action than CBS would have "so as to avoid showing a bunch of empty stands at the top of every picture."

All three networks put new technology to work as it became available: more reliable cameras, zoom lenses, and videotape to replay action. Airing major games in color started at NBC as far back as 1955, though color itself did not become standard until the late '60s.

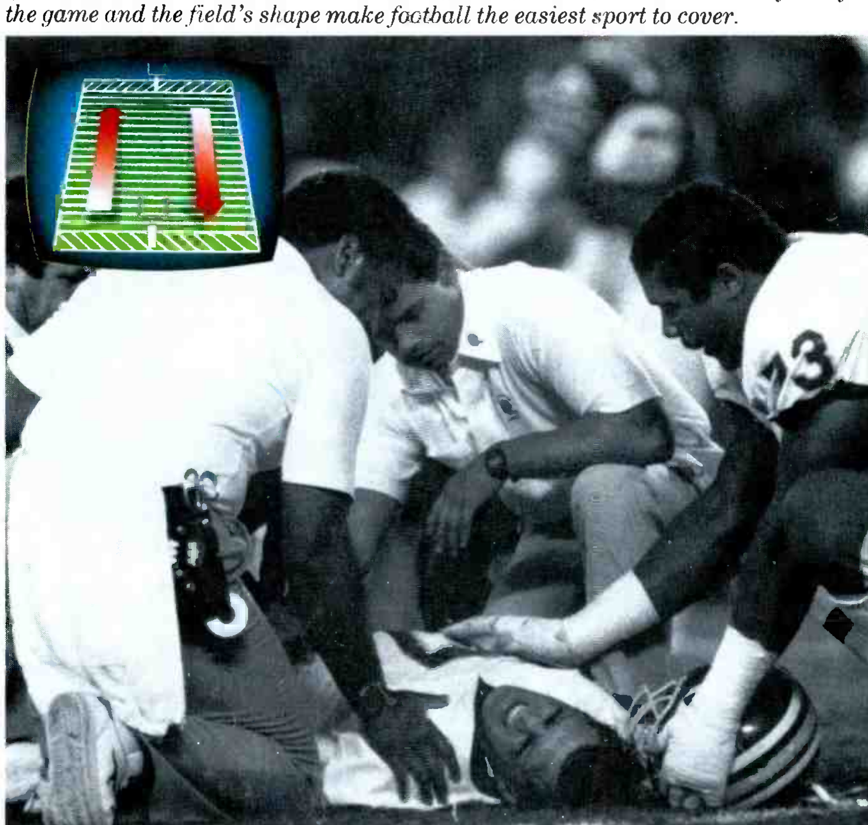
These improvements coincided with the ascendency of Arledge, who was appointed producer of NCAA football in 1960. He used television to tell stories, to "bring the fan to the game, not the game to the fan," putting hand-held cameras on the field to mingle with players and cheerleaders. On *Wide World of Sports*—25 years old this year—and then in Olympics coverage, he introduced Americans to sports they had never heard of and certainly never seen on television.

Though Arledge has been incorrectly credited with such inventions as instant replay (see box) and the isolated camera, his influence cannot be overstated. Not only did he help raise his network from third place, but he galvanized the other two, which rather quickly began imitating and trying to outdo him. He instinctively grasped the need to supplement play-by-play coverage with an emotional setting that captured images of the crowds, the coaches, the cheerleaders; to superimpose statistical graphics about the players—something now so commonplace that it doesn't occur to anyone that it once was an innovation, though it was one of Arledge's most important; to spew out information and photographs of players after key plays; to reprise highlights of the game during halftime, instead of showing marching bands; to organize his crews into specialized units responsible for individual tasks—for a cohesive experience crammed with visual and aural information where a few years before there was little more than black-and-white figures scampering on a gray field.

After revealing the mechanical intricacies of the game, Arledge and other directors turned their attention to sports-as-soap-opera: They wanted to show their viewers not just the action, but the emotion, which TV, with its close-ups, reaction shots, and omniscient narrators, can show so well.

The reaction shot is no less a product of technology than the super slo-mo. As the cameras and lenses improved, a director could reach across the field and get the close-ups he wanted. "There are things you couldn't do before," recalls Grossman, "like zoom all the way in—the light was too bad. Now, in the last five years, the lenses have had a ratio of 40 to 1, or 44 to 1, and you can get the emotions." But, he adds, "you gotta be there early. The emotion comes quick and leaves quick."

In football, *where injuries are part of the melodrama (here it's Redskins quarterback Joe Theisman), cameras seek out the emotions. INSET: The flow of the game and the field's shape make football the easiest sport to cover.*



UPI/BETTMAN NEWSPHOTOS

IN FOCUS

How the Camera Changes the Game

The beauty of football is that it allows the director time to plan those reaction shots: "If it's first and goal on the nine, you set up a camera for reaction shots of one coach, the other coach, and the quarterback," says Forte. "You've got to set things up. It doesn't just happen." Likewise, an enormously complex operation works behind all the replays now. Cameramen are alerted to reactions as well as to strategy, spotters in the stands look for the injured player, and tape operators keep their tapes running until the reaction to a play is recorded, many seconds after the ball itself has been caught, tossed, or fumbled.

Now, of course, televised football suffers from overkill. The Super Bowl has become a paean not only to football but to the technical prowess of each network as well. ABC upped the ante in 1970, when it brought the NFL into prime time with *Monday Night Football*. While CBS and NBC had to stretch their resources to bring their viewers six or seven games on a given Sunday afternoon, ABC televised but one game a week. Chet Forte, the director of *Monday Night Football*, asked for 10 cameras—twice the usual number—and he got them. "I wanted to personalize the game more than it had ever been before," he said. The extra cameras, Forte points out, were for the "look" of the game, because the game itself can be covered perfectly adequately with six cameras or even four in the hands of a skillful director.

BASEBALL

Baseball, by general consensus, suffers the most in translation to television. In the words of Thomas Boswell, sports columnist for *The Washington Post*,"the tube seems to shrink baseball, fade its colors, slow the sense of pace, dilute the accumulation of tension, and generally stultify the sport."

Directors universally acknowledge that baseball is the most complex sport to televise. Unlike the side-to-side motion of football, basketball, or hockey, baseball often consists of shifting triangular relationships—the pitcher, the hitter, and the shortstop, for example. One camera couldn't catch it all and keep in view that small white ball traveling up to 100 miles per hour. It took several years for directors to master the sport. They learned, among other things, that the mind doesn't immediately recognize what comes before the eye, according to Harry Coyle of NBC. "In television, we must get to the play *before* it happens, so the eye has time to see it. If you get there *while* it's happening, it's no good."

Baseball also has a simple logistical problem: Action occurs in two places at once, both equally important. In basketball, football, hockey, even golf, the action that takes place away from the ball is relatively unimportant. The camera just follows the ball. Not so in baseball. "You can really screw up a baseball game if you don't know what you're doing," says Coyle. "This is where the instant replay came in, to compensate for what you couldn't get to the first time."

In the stadium, baseball's scale and pace are perfectly suited to the human eye and mind. Its pauses are part of the drama. Baseball leaves ample time to think and perceive. The players are spread out with just enough distance to spot all but the fastest of individual actions. But, as Boswell has observed, the translation to television makes "all moments seem monotonously equal, when they aren't."

In the bad old days, not just baseball but all team sports suffered on television. TV sets were much smaller then, and the cameras were placed atop stadiums where the view was strictly wide angle. The first sports telecast, a Columbia-Princeton baseball game on May 19, 1939 (which Princeton won 3-2 in the tenth inning), was covered with one camera. *New York Times* reporter

NBC used *just one camera for the first network sportscast, a Princeton-Columbia baseball game on May 19, 1939. A writer said the players looked like white flies. INSET: Baseball's flow still creates logistical headaches for TV.*

©NBC

Orrin E. Dunlap Jr. watched the game on NBC and denounced what he saw, insisting that the players looked "like white flies," while outfielders were "forgotten men."

The players may have resembled white flies, but the public was easily satisfied with TV in its experimental days. "Just seeing a picture made the public go ape," said Coyle. "They thought we did the greatest job in the whole world." Television brought a game as it occurred to millions of absent sports lovers. One fan remembers his father leaning over and kissing the TV set when the Brooklyn Dodgers won the World Series in 1956.

By the second televised game, a double header between the Dodgers and the Cincinnati Reds at Brooklyn's Ebbets Field, NBC had placed a second camera behind first base to join the one behind third, thereby inaugurating the technique, still in use, that would reinterpret sports: multiple views of the action, edited instantaneously by the director.

In the late '40s, equipment was so experimental, and connections back to the studio so faulty, that three-camera coverage often disintegrated into two, one, or none by game's end. Simply covering the action monopolized the director's attention. If a runner rounded second base while the outfielder dropped the ball—well, you couldn't cut that quickly between the two. "A lot of times, if we missed it," says Coyle with a laugh, "we pretended it didn't happen."

As cameras improved in the '50s and '60s, directors struggled to find new places to put them. Baseball, unlike football, had no free sideline space from which cameras could get ground-level shots. But by the early '50s, cameras had violated "the sanctity of the dugout," in sportscaster Red Barber's words. By 1970, NBC cameramen were following an intricate chart, drawn up by Coyle, which gave instructions for each of the myriad possibilities of play. The chart, he says, made it possible for the crew to cover a game more or less on automatic pilot, in case their headsets gave out.

BOXING

Some sports fared much better than baseball, even in the days when the only folks seeing them were crowds in the vacuum-tube-shaped RCA pavilion at the 1939 World's Fair. Boxing, always the sport most beloved by filmmakers, translated beautifully to television, even then. "The roped arena is a perfect size for a camera to cover," wrote the *New York Times*'s Dunlap. "The scene is packed with action and this is the lifeblood of television." And for nearly two decades, that's what boxing was.

When NBC covered a boxing match between Lou Nova and Max Baer for a 1939 World's Fair demonstration telecast, such big crowds gathered in front of the few receivers in Manhattan store windows that they broke the plate glass. By the late '40s, boxing could be seen almost every night in the major cities that had stations. It often was produced, conveniently, right in the studio. With Gillette as sponsor, the *Friday Night Fights* became an American institution on NBC from 1944 until 1961, when they were moved to ABC and finally canceled in 1964.

The simplicity of the elemental conflict eventually contributed to boxing's downfall as a TV staple. Television had emphasized its sheer violence instead of its subtleties, and boxing lost viewers to the team sports. Televised boxing also absorbed the fans and destroyed the amateur boxing clubs that used to thrive by the hundreds in major American cities.

GOLF

At the opposite end of the socio-economic scale, golf made a similarly early appearance on the screen. But unlike boxing, nothing in golf's nature makes it suitable for television—except, perhaps, the fact that many of TV's early executives, notably William Paley, were great fans. Hardly anyone else was; it was television, in large part, that transformed golf from a diversion of the leisure class to a common pastime.

From the start, golf has been the most cumbersome sport to televise, requiring 11 or 12 cameras. Because it has compelling action in widely separated places at the same time, it suffers most from TV's single-screen limitation. And its playing time was

DONAL HOLWAY

Roone Arledge

ROONE ARLEDGE MOBILIZED AN ARSENAL OF CAMERAS, MIKES, AND NEW VIDEO EFFECTS TO CREATE A NEW SPORTS REALITY

DONAL HOLWAY

Scotty Connal

TO CATCH THE MISSING SOUNDS OF SKATES AND STICKS, ESPN'S SCOTTY CONNAL CAREFULLY MIKED THIS YEAR'S ALL-STAR GAME

impossible to predict or schedule.

One of the sport's unique innovations is the microphone in the golf cup, to catch the sound of the ball dropping, ever so neatly, in. Scotty Connal, then at NBC, worked with an engineer to set that up the first time. After several misfires, they devised a contact mike, which picked up only the sound of the ball dropping into the hole—and not of the words of the golfer when he missed the putt.

TENNIS

Tennis is one side-to-side sport that's covered from top to bottom. Why this is so goes back to the key differences between eye and camera. Seated alongside the court, the spectator's eye zeroes in on that little ball zipping back and forth. The camera stationed in the same position, however, couldn't follow the ball as quickly and instead would have to pull back so far that spectators' heads would dominate the scene.

Tennis is one of those sports, like golf in the early '60s (thanks to Arnold Palmer) and gymnastics in the early '80s (thanks to Olga Korbut), that caught fire simultaneously as a sport people played and as one they watched. Television coverage has made stars of tennis champs. Wimbledon officials have even compromised with the medium, agreeing to change their tennis balls from white to yellow this year so that they'll show up better against the sneaker-desecrated sod.

Compared to pro football, whose weekly games are the perfect building blocks for a weekly TV series, tennis has severe scheduling disadvantages for both broadcaster and viewers. Tennis tournaments take place on weekdays and evenings, for days at a stretch, in no particular seasonal pattern. And the finals of its major event, Wimbledon, gets fans in front of their sets early on weekend mornings to catch the transatlantic broadcasts.

BASKETBALL

From the standpoint of a television crew, basketball is more of a "live"

PLAY IT AGAIN

Instant replay defines the video reality of sports more than any single technological leap outside of television itself. It's even changing the game: Starting this year NFL officials watching televised replays will be able to overrule certain kinds of decisions by officials on the field.

Roone Arledge rather loosely applied the term "instant replay" to his videotaped replaying of key plays during halftime on his NCAA football coverage as early as 1961. But useful though it was, that was not the same thing as giving fans a replay immediately following the action. The creative quantum leap was made by Tony Verna, a director of CBS football in the early '60s.

Sports writers' praise of the end-zone camera—Arledge's contribution to play-by-play football coverage—prompted CBS to pressure Verna and its other directors to come up with something equally exciting for their games. Verna did. He dragged a massive videotape machine to an Army-Navy game on December 7, 1963, thinking that he would replay the moves of Navy quarterback Roger Staubach. Staubach had one of his less interesting games, however, so, in the third quarter, Verna let go with a replay of an Army quarterback's touchdown. "I only used it once that game, but when I used it, I knew I was on to something," Verna recalls. Meanwhile, announcer Lindsay Nelson bleated: "Ladies and gentlemen, this is a replay; they did not score again."

Replays were used sparingly for the next two years because the original videotape machine was a burdensome affair that required a truck of its own. The "slo-mo," a magnetic videodisc machine that recorded just 30 seconds of play, added slow motion to replays in 1965. Since the mid-'70s, the more flexible one-inch videotape machine has taken over the slo-mo's work.

Directors began to reveal the intricacies of sports using innovations such as the "isocamera," a camera with a long lens whose assignment is to isolate crucial moves in a play. With the advent of instant replay, offensive tackles, linebackers, and other players who had formerly been buried in the pileup and lost on the small screen became stars of the game. Linebackers' salaries climbed.

broadcast, in a sense, than baseball and football, with their continual pauses. The cameraman must get shots right the first time, the play-by-play analysis has to be quicker (10 seconds instead of 30, say) and the opportunities for replays aren't as predictable as in football.

NBC's coverage of NBA basketball in the early '60s was so lackluster that its ratings scarcely registered. When ABC took on the league in 1965, Arledge threw every video technique he could think of at this tangled blur of seven-foot bodies. He chose the right sport for that treatment. With its fluidity and speed, basketball spills over the edges of television's screen, and when the five players stretch out across the floor, some of the blindingly fast action is lost to the camera. Basketball, more than any other team sport, gained popularity on television through the addition of automatic zooms, instant replays, isocameras, slo-mos, and the like. Slow motion revealed the athlete's grace, control, and individuality. Isocameras captured the one-on-one battles heretofore known only to the few lucky fans sitting at court level and to those who scuffled on the court themselves.

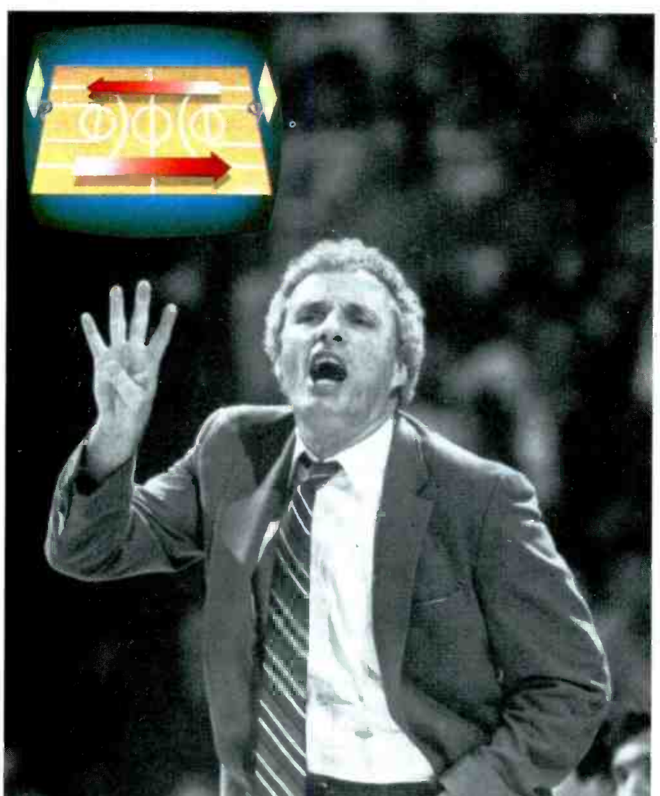
Basketball has the advantage of being played indoors; the sense of confinement is palpable. The coaches—intense, jaws pounding—sit right on the sidelines, constantly caught by the camera during play.

TV turned pro basketball from an eight-team urban sport with a meager following into a video sport with 23 teams and staggering salaries.

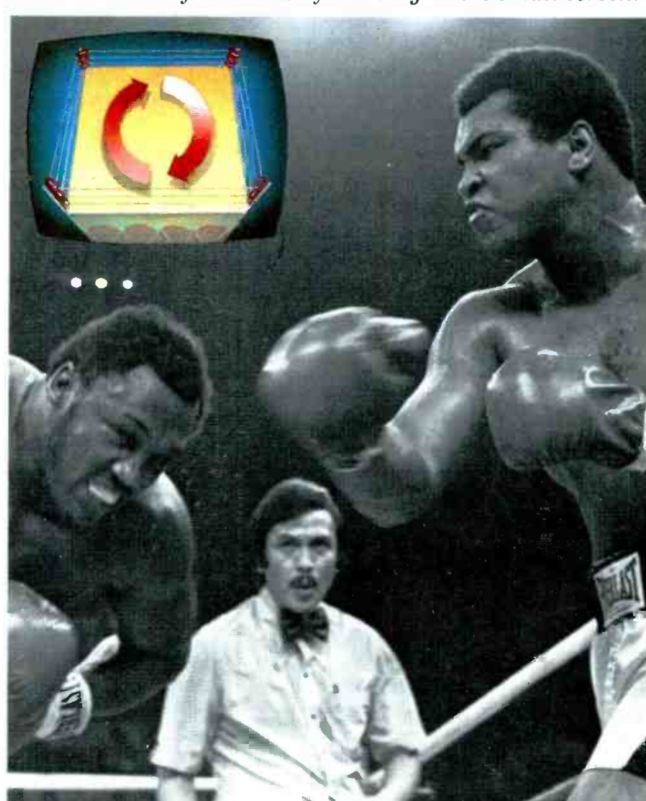
HOCKEY

Hockey was so foreign to American TV crews that in 1972, when NBC began televising National Hockey League games, ESPN director Scotty Connal, then with NBC, sent his cameramen and tape operators to Canada for training by the producers of *Hockey Night in Canada*. "You can't appreciate hockey on television unless you've been to the game," says Connal, who had the inspiration to tint hockey ice blue so that it looked good and reduced glare when the game was first telecast in color. "When I go to a hockey game, I hear the skates, I hear the shots, I hear the sticks, I hear the players shouting to each other; on television, you miss this," says Connal. To augment ESPN's coverage of this year's all-star game, Connal carefully miked the arena to pick up the ambient sounds of the game and put 13 cameras to work. Sound, Connal points out, is the undeveloped frontier in television sports technology. With the spread of stereo TV sound, the announcers may have to take a back seat to the clash of the sticks and the roar of the crowd. ●

With basketball, *the coach on the sidelines becomes a central character in the drama. INSET: The rapid back-and-forth movement can create a blur of bodies.*



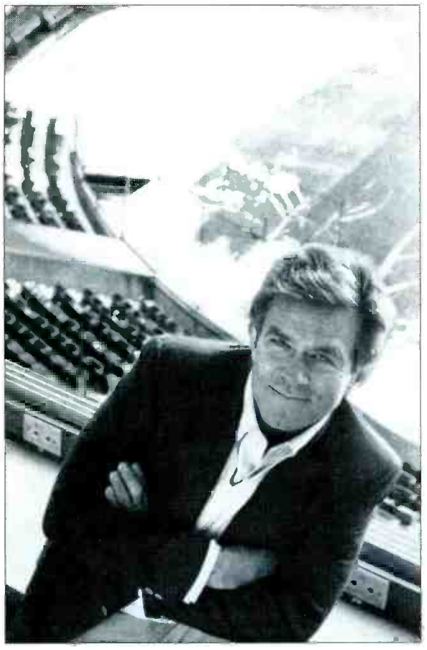
Boxing translates *beautifully to television, but telecasts tend to emphasize its violence rather than its subtleties. INSET: The confined action fits nicely on the small screen.*



FOCUS ON SPORTS INC.

Expert Witness

The sportscaster, in his huge classroom, is TV's most effective teacher. **BY JAY ROSEN**



MARION ETTLINGER/ESQUIRE

SPORTS EXPERTS LIKE TIM McCARVER MAKE THEIR KNOWLEDGE INTO A PERFORMING ART.

It is the second game of the 1985 World Series. The Kansas City Royals are leading the St. Louis Cardinals 2-0 in the ninth inning. The Cardinals have a runner on second and Jack Clark, their dangerous cleanup hitter, at the plate. As Clark steps up, the Royals move third baseman George Brett over a few steps to his right. The logic behind this move is no secret. In the late innings, with a slender lead, you play closer to the foul line to prevent balls from going past you for a double. In protecting the line, of course, you create a larger space between the third baseman and the shortstop, which means that more balls will get through for singles. Fewer doubles, more singles: That is the bargain the Royals are striking.

Tim McCarver, working the game for ABC, immediately questions the move. For followers of the New York Mets, whose games McCarver broadcasts during the regular season, the argument is familiar. McCarver has been making it all year. The reason teams do not guard the line at all times is simply that not many balls are hit fair to the third baseman's right (or, on the other side of the diamond, to the first baseman's left). Most balls that get through the infield are hit *between* infielders.

McCarver had occasion to make this argument many times during the Mets season because Keith Hernandez, the team's graceful first baseman, plays far from the foul line, using his speed and reflexes to cut off potential hits to his left. Whenever Hernandez executed this neat trick Met fans would turn to one another and nod silently—a nod that confirmed shared knowledge. McCarver had taught them something about the game that Hernandez had proved to be true.

Now here is the issue again in the World Series. Brett takes two steps to his right to protect the line. A bad move, says McCarver. Clark then smacks a single in the gap to Brett's left and the Cardinals score, making it 2-1. (Eventually they won 4-2.) "That's why you don't guard the line," says McCarver. "And you can't call that 20-20 hindsight either."

As the baseball season rolls around again, and Tim McCarver and his brethren climb into their seats, fans might consider an element of the game normally taken for granted: expertise. Why is it that sports broadcasters, especially in baseball, can impart knowledge so much more richly, so much more *usably*, than their counterparts in politics or economics?

Baseball, first of all, has a set of rules that the fan understands, and the umpire impartially applies. The umpire says definitively what has happened and what has not. Conversation, therefore, does not revolve around whose version of reality should be accepted, which is always the issue on *The MacNeil/Lehrer NewsHour* or *Nightline*. Because the umpire is such an authoritarian figure, the baseball expert can be less so. Like Tim McCarver (and unlike the newsman), he can have a point of view about the game that does not conflict with his other role as a reporter of the action.

The fan's basic understanding of the game also lightens his dependence on the expert. There is rarely any doubt, for example, about the score or what is at stake in a given game. A shot of the scoreboard and a glance at the league standings tells all. When the game is over the outcome is a certainty expressed in the simplest language possible—a pair of numbers. Unlike the numbers in budget deficits and nuclear

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IN FOCUS

Expert Witness

arsenals, numbers in baseball are easy to grasp. The baseball expert, unlike the political pundit, does not claim to know what is happening because of his privileged position inside events. Along with the audience, he observes the game from a seat.

Nor does the expert have exclusive information about some aspect of the game occurring away from view. Part of the pleasure of sports is that they unfold within a limited space—the arena—where the field of action is clearly marked. This is never the case with unemployment or cancer research or budget battles, which are always "happening" many places at once. A baseball game stays put, so the audience can observe it, and the expert can discuss it, "in its entirety," as television likes to say.

Within this sphere of orderliness, completeness, and clarity, baseball offers a set of constantly recurring situations that invite contemplation. Your leadoff man gets on in the eighth. Is it wise to bunt? (McCarver: The rise of artificial turf, with its slick surface, makes bunting difficult and has ended the "automatic" bunting situation.) First base is open. Do you walk the hitter? And then a large (but not endless) number of variables—the number of outs, the ball-and-strike count, the inning, the hitter up next—will intersect these recurring patterns, making each pitch a new predicament. As McCarver observes, "It's not easy to repeat yourself talking about baseball." What a baseball expert teaches is how to combine the constant and the particular in thinking about a given predicament. The action then unfolds on the spot, testing his powers of insight—and those of the fans.

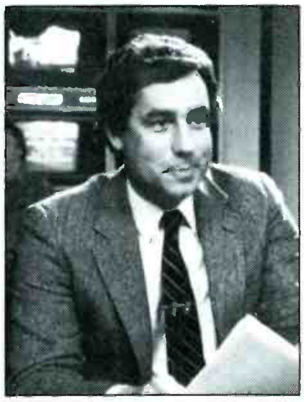
What the viewer and expert see is being transformed, of course, by television and videotape, which often lay the game open at a deeper level than even the men on the field can experience. In other realms television floats promiscuously over the surface of things, presenting suffering, rage, and calamity as images to consume apart from their causes and effects. But the images of baseball have no cause deeper than the players' will to succeed, and even that breaks onto the surface in a gritty look or a confident smile. Nor are there consequences to baseball that extend beyond the close of the season. That's why we call it a game: The action is fundamentally unreal.

Perhaps it is precisely this closed, bounded character that enables a baseball broadcaster to prove what other smart and articulate people on television cannot: that knowledge can be a performing art. ●

BOB LOBEL

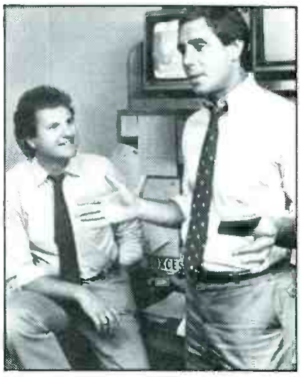
For The Record

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

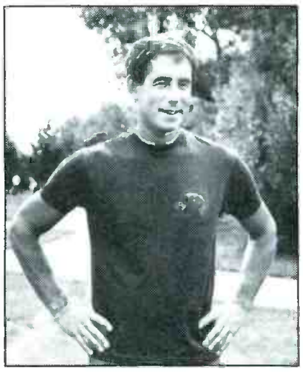


"There's no day I look forward to more than Marathon day. It's probably the greatest single event that I've ever been involved with. I ran it in '78. It's the total essence of sports in Boston - total community involvement, psychologically and physically. Everybody's there and in it and that's what makes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

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



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



EYEWITNESS NEWS WBZ-TV BOSTON 4

The Station New England Turns To.

DARK DAYS IN *Dishville*

BY CAUSING satellite signals to be scrambled, the cable industry has tightened its grip on programming. Now angry backyard dish owners are worrying: Will they also belong to cable operators?

by David Bollier

Alfred Hanna, who lives *in* the Grand Canyon, may have to wait days for pack mules to bring his mail over sandstone ridges, but at any time he can choose programs from a selection as wide as any. "We watch sports. And movies. Everything," says Hanna, the newly elected vice chairman of the Havasupai Indian tribe and owner of one of the seven satellite dishes in Supai, Arizona (population 500).

In simpler times Hanna might not have had much in common with Arthur W. Einstein Jr., a New York advertising man, or with George Bousquet, who is between jobs in Putney, Vermont. Now Hanna does. All three are enthusiastic dish owners and angry about the latest development in the selling of video: the scrambling of satellite networks.

"I'm against it," says Hanna. Scrambling has already made it impossible to receive his favorite channel, HBO, and by the end of the year at least 18 more cable program services, as well as CBS and NBC, plan to encrypt their satellite transmissions so that viewers will have to pay to watch. Hanna says he might not be able to afford the $395 decoder he would need to unscramble the channels, on top of new monthly fees charged by the program networks.

"Scrambling is really going to mess us up," says Bousquet in Vermont. "TV was a waste of time before I got my satellite dish. The only channel we could get was Channel 3 in Hartford, and the reception was poor. Now we have excellent reception of 150 channels." Likewise, the dish has given ad man Einstein a variety of channels he was denied after a futile 10-year wait for the local cable operator to extend a line into his Westchester County neighborhood.

For the moment, scrambling is like a spanking. It doesn't actually hurt that much—dozens of worthwhile TV channels are still freely available by satellite—but it's damned humiliating. Dish owners will start feeling the sting over the next 12 to 18 months, when they'll need to buy the decoder and subscribe to the scrambled cable channels.

Call it a rite of passage. The union of the satellite with cable television has yielded an unplanned offspring—some would say, an illegitimate one: the $1.1 billion industry that has grown up around the backyard dish, or TVRO (meaning "TV receive-only"). Now the dish people are leaving an idyllic childhood of free access to nearly unlimited programming, while fearing they may never have a life independent of their willful stepfather, the cable industry.

There have been other generational transitions in the entertainment media: television crawling out of radio's shadow, and cable from television's. But few have had such a ground swell of fanatic supporters as the TVRO crowd. Five years ago, there were just 4,000 backyard dishes in the country. Now there are more than 1.5 million, according to the *Home Satellite Newsletter*. Leading the rank and file are 10,000 dealers and more than two dozen manufacturers, soon to be joined by bigger brands like RCA and Zenith.

The dish industry's Oedipal struggle with the cable industry amounts to unfinished business from the Cable Communications Policy Act of 1984. The law authorized cable programmers to scramble, but left unresolved who would sell the

David Bollier is co-author, with Joan Claybrook, of Freedom from Harm: The Civilizing Influence of Health, Safety and Environmental Regulation.

scrambled programming to TVRO owners and at what prices. "Everyone is jockeying for position," says Steven Shulte, the man in charge of scrambling at Showtime. Scrambling is meant to tame a disorderly market—providing new means of extracting revenues from video masses who have already invested heavily in receiving equipment, as well as denying free access to those who steal the signals for commercial purposes.

For die-hard dish owners, however, scrambling is an abomination. They resent, for example, Home Box Office's plans to charge them $12.95 a month, compared to the $10 a month that cable subscribers typically pay. At a trade show last fall it took the security force to deter disgruntled dish dealers from demonstrating at the exhibit of M/A-Com, the company whose scrambling technology has been widely adopted by the cable programmers.

The raw anger over scrambling even inspired *STV* magazine to publish a retribution fantasy, "Revenge of the High-Tech Pirates." The article described an uprising against HBO by satellite-dish pirates who, from isolated outposts, deliberately interfered with the network's transmissions to the Galaxy I satellite. Shortly after the magazine appeared, life imitated art when an unidentified saboteur jammed the same satellite's transmissions of superstation WOR-TV by Eastern Microwave for 18 hours. The more respectable TVRO leaders, such as those in the dish-owners' lobbying organization SPACE, are quick to deplore such vandalism, and accept the idea of paying for scrambled programming. But they also condemn what they regard as the cable industry's attempts to monopolize program distribution to the dish market.

THE FLYING SCOTSMAN

The dish household wears its antenna like a badge. In Dallas suburbs, dishes can be found on rooftops, in backyards, sideyards, even frontyards.

THERE ARE so many obstacles and unknowns in selling TV to the dish market that only a few firms are moving in, and the Justice Department has begun nosing around.

"Cable is trying to quash a competitive market," asserts Chris Schultheiss, editor of *STV*, who, after the HBO advertising boycott, says he feels like Paul Revere. "Cable companies want into the TVRO market, but they want to put it on hold until they're ready. The market is not big enough right now, and the technology is a little more complex than cable." Schultheiss claims that scrambling and costly fees are cable's way of dampening competition in the TVRO market until cable can dominate it.

The cable industry naturally has a different notion of who's invading whose turf. Dish owners simply have no right to take down programs that were put on the satellite for the cable industry, argues Steven Effros, president of the Community Antenna Television Association, which represents smaller cable operators. "The cable industry thought it was developing a differentiated product. Indeed, we paid for it. We paid lots for it. Why do you think it was called *Cable News Network*? Now we hear that if we put out the product over a distribution system that's easy to steal from, all of a sudden it's not fair if we don't let everybody take that product."

I think that's ridiculous," replies Richard Brown, general counsel of SPACE. "This isn't Steve Effros's programming. Cable's a *customer*. ESPN owns the programming. CNN the same way." Dish owners are customers, too, he says, and should have the right to buy any scrambled programming beamed down by satellite. "If it falls on me, it's mine," says Taylor Howard, chairman of SPACE.

So many viewers have been taking programs that fall on them that the cable industry "is getting killed in some franchises," says Vans Stevenson, editor of *Home Satellite News*. According to the First Communications Group, which publishes Stevenson's newsletter, nearly a third of backyard dish owners live within cable franchise areas. The National Cable Television Association cites estimates that TVRO "signal theft" is costing cable operators between $500 million and $750 million a year.

Mike Arnold, who operates the Harte-Hanks cable franchise in Sierra Vista, Arizona, estimates that his operation loses potential income of $32,000 a month because 14 percent of local households in cabled areas are viewing by TVRO instead. "Why pay for cable TV when the local satellite guy can give you a TVRO for only $499, with over 150 channels of free TV?" Arnold asks. He has fought back by taking out ads in the local press warning the public that scrambling will make dishes obsolete. In one cartoon ad, a woman is telling her husband that the dish will make "a lovely birdbath."

Arnold's ads, along with the uncertainties associated with scrambling have, in turn, cut nearly in half the sales of dish equipment by a local dealer, Satellites 'R' Us, according to part-owner Lanya Ramirez. "My business is sitting on a serious edge," she says.

"It's a very, very difficult period," says newsletter editor Vans Stevenson. The confusion and "bad press" about scrambling lead him to project dish sales of 500,000—or even 250,000—this year, compared to an estimated 625,000 in 1985. Even so, dishes retain a high-tech appeal. "In Texas the status symbols used to be jewelry and cars," says Stevenson. "Now they're satellite dishes. There are $150,000 suburban homes with eight- and 10-foot dishes in their *front* yards. If that isn't making a statement, I don't know what is."

For Tele-Communications Inc., cable's largest multi-system operator (MSO), the answer to the threat is to make its own audacious bid for a piece of the prospective action. TCI has struck deals with 15 cable program networks to let it sell a package of scrambled programming to dish owners within TCI franchises and surrounding areas. If the plan works, other MSOs are expected to follow TCI's lead. Cable operators' deals with the program networks may give them an effective monopoly over distribution of popular cable programming in their areas. While the agreements with TCI don't prevent cable programmers from making separate deals with other distributors, none seems eager to do so. Such competition could cut into cable operators' revenues and even lead the operators to retaliate against programmers by dropping their channels.

Cable programmers and others may be wary about going after the TVRO market because it's still relatively small and unexplored. "For me to come to grips with all the questions that have to be resolved is mind blowing," says Showtime's Shulte. "I have a 39-page manual of questions and concerns on the implications of scrambling." But he says it's too early to conclude that the market will be dominated by the cable industry. Marty Lafferty, marketing vice president at Turner Broadcasting, is also reluctant to speculate: "We're in a one-step-at-a-time mode. There is so little projectable history on serving a market like this."

Some independent program packagers have already taken steps toward selling subscriptions directly to dish owners, but two such attempts to assemble packages of program offerings, by Hughes Communications and Canaan Communications, have already failed. One fledgling distributor, Washington-based Viewers First National, has been able to sign but a single program service, the Los Angeles-based movie channel, SelecTV.

Other program networks aren't enthusiastic about such deals. "Why engineer a situation in which you have a monopoly middleman controlling your access [to the TVRO customer]?" explains ESPN executive vice president Roger Werner. While some networks keep open the option of selling directly to TVRO customers, most concede that setting up the large marketing structure might not be worth the trouble. The easiest solution for them—and the one SPACE fears most—is to let cable operators do all the selling.

Last fall it appeared that Ted Turner would break open the TVRO market to robust competition when he tried to cobble together a consortium of programmers to bypass cable operators. But the deal, which involved ESPN, MTV Networks, and Showtime/The Movie Channel, soon fell apart. Some observers blame those networks for bickering over their shares of future revenues. Others blame the complications caused by Turner's MGM takeover, and the threat that the jilted cable operators might abandon Turner's Cable News Network for the then-still-alive NBC cable news service.

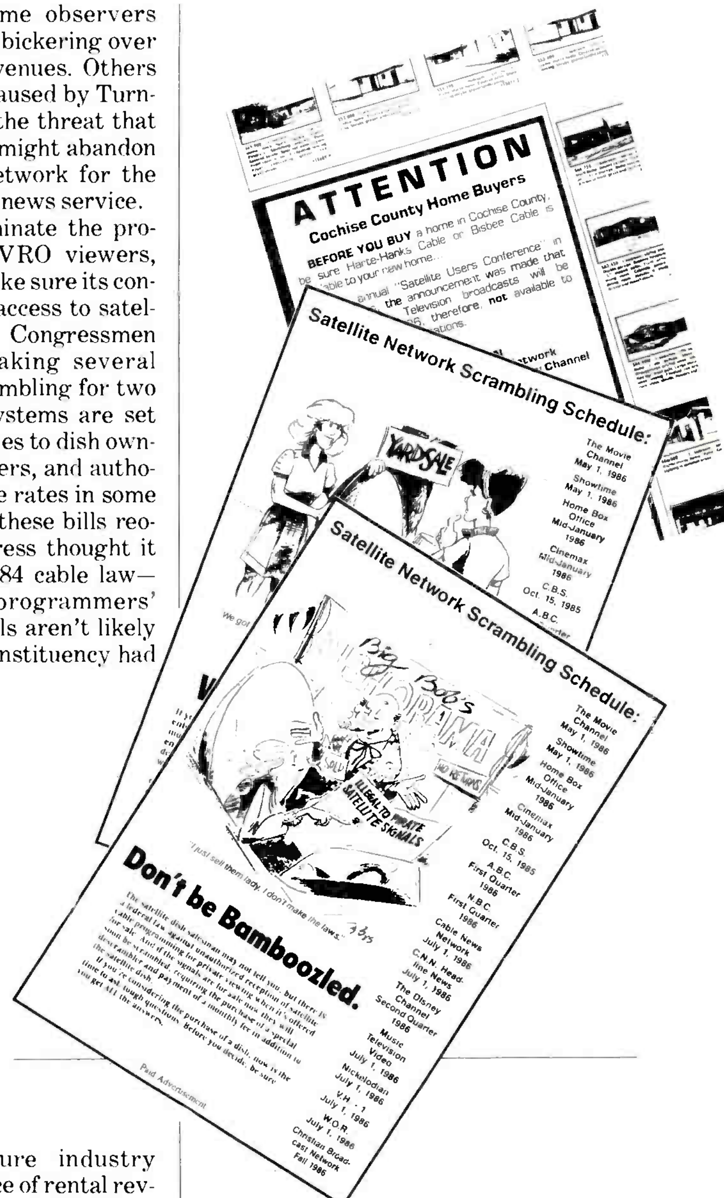
Whoever comes to dominate the programming market for TVRO viewers, the dish lobby wants to make sure its constituents have continued access to satellite signals at fair prices. Congressmen have introduced bills taking several approaches: delaying scrambling for two years while marketing systems are set up, prohibiting higher prices to dish owners than to cable subscribers, and authorizing the FCC to regulate rates in some circumstances. But since these bills reopen questions that Congress thought it had resolved with the 1984 cable law—rate deregulation and programmers' right to scramble—the bills aren't likely to go far. Still, the dish constituency had enough clout to get hearings last month on the scrambling controversy in Representative Timothy E. Wirth's House Telecommunications Subcommittee.

It's instructive to remember what happened in 1983, the last time a new media technology with populist, grass-roots support squared off against the established industry. On one side, millions of VCR users mobilized to protect low-priced cassette rentals. On the other, the motion-picture industry demanded its right to a slice of rental revenues, or at least royalties on the sale of VCRs or blank tapes. In the end, Hollywood left Washington empty-handed.

Now dish owners have become a similar constituency—united in their remoteness and reliance on their dishes. They have outposts in nearly every Congressional district. Of course, the same could be said about cable operators, and the dish constituency doesn't have the numerical strength that defended the VCR interests.

If any part of the government steps into the TVRO controversy it's most likely to be the Justice Department, which confirms that it's investigating possible anti-competitive behavior on the scrambling scene. Observers speculate that the target may be the cable industry's control over programming.

The dish people also have a special faith on their side. "It has been the raw power of the technology that has muscled us through so far," says Chris Schultheiss of *STV* magazine, "and it will continue to do so." ●



Like other cable operators, the Harte-Hanks system in Sierra Vista, Arizona, has taken out newspaper ads warning people that backyard dishes are becoming white elephants.

UNHIDDEN AGENDA

In neutral Costa Rica, where there is no army, the wealthy try to wield control through the media.

by Andrew Reding

In its streets, Costa Rica does not seem to be a land at war with itself. The only Central American country with a long-standing democratic tradition and, not coincidentally, the only one without an army, Costa Rica has been an oasis of relative peace and prosperity in a region better known for repression and misery.

Yet a war is being waged there—a war of words, ideas, and images, not guns and grenades. The war is between the right-wing establishment that controls the electronic and print media, and a growing collection of former presidents and government ministers, artists, writers, and other citizens who fear that the media are trying to redesign the country's social traditions. In particular, the media are attacking Costa Rica's lack of an army, its tradition of neutrality, and its tolerance of domestic leftists.

The message from the media is that Costa Rica must change its ways and raise an army or be overrun by its neighbor to the north, Nicaragua. Four of the five privately owned major TV stations broadcast a barrage of sensationalized news reports warning of the *sandinocomunista* threat. (The fifth station is all sports.) While the stations never interview the Nicaraguan ambassador, they give considerable time to the Reagan administration's viewpoint. In Channel 7's recent half-hour interview with American ambassador Arthur Lewis Tambs, for instance, Tambs was allowed to make unsubstantiated—and unchallenged—claims that the Nicaraguans are harboring Basque, Lebanese, Palestinian, and Colombian terrorists, and that they have proclaimed "a revolution without borders"—an intention the Sandinistas have repeatedly forsworn.

Since April 1980, executives of the major TV stations and newspapers have held joint meetings on editorial strategy concerning issues of importance to the Reagan administration, often with U.S. embassy officials attending, according to Juan José Echeverría Brealey, former minister of public security, and other well placed sources. Since then the media have played up Nicaraguan totalitarianism and aggression and begun a witch hunt of supposed Sandinista sympathizers in the government, hounding from office the public security minister Angel Solano Calderón for his zealous enforcement of the country's neutrality.

In addition, many informed Costa Ricans believe journalists receive monetary encouragement from the United States. Former Nicaraguan contra leader Edgar Chamorro testified in the World Court last fall that CIA money was used to bribe journalists and broadcasters in both Costa Rica and Honduras. But there's a more fundamental reason that television stations and newspapers take a uniform approach to geopolitical news, according to the two-time former Costa Rican president José Figueres Ferrer: "Because they're owned by a minority—the Costa Rican oligarchy—and now they find they are backed by U.S. dollars."

"The upper classes of Latin American countries normally control by means of the army," says Pablo Richard, a prominent Chilean theologian living in exile in Costa Rica. "Since there's no army here, they do so through the media of communications." Ownership of the five private stations is extensively linked with that of the major newspapers in large family stock holdings, according to Carlos Morales, director of the journalism school at the University of Costa Rica.

Though these owners and their media are considerably to the right of the general population, alternative media haven't been able to develop. "We have tried many times," says Daniel Oduber, a former president who is among the country's most popular political figures. "The problem is, the owners of the media are the same group as the owners of the businesses that advertise, and without advertisements, no media can survive." There is a state television channel, but it's devoted to education and few Costa Ricans watch it.

What they do watch, on the commercial channels, is Venezuelan and Mexican soap operas, soccer matches, and dubbed U.S. shows such as *Comisario Lobo*, *Los Héroes de Hogan*, *He-Man y los Amos del Universo*, and *La Cruzada de Jimmy Swaggart*. Despite a law limiting imported programs to 75 percent of broadcast schedules, about 90 percent are, in fact, imports. In addition, U.S. programs dominate the cable systems in parts of the capital, San José, and are available on an ad hoc TV station operated as a hobby by a suburbanite named Erick Roy.

Roy, a manufacturer of satellite dishes, runs a small UHF transmitter that

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retransmits the Chicago superstation WGN and, in the evening, the pay cable network Showtime, both of which he picks out of the sky with a backyard satellite receiver. WGN's baseball broadcasts have given the Chicago Cubs a substantial following in San José. The U.S.-educated broadcaster's project is nonprofit but not without motive, as he admits. "Either we get Americanized, or we get communized from the north," says Roy.

Getting Americanized, however, does not appeal to a number of Costa Rican intellectuals, including professor Morales, who believes that violent U.S. shows such as *Los Magníficos* (*The A-Team*) and *Koyak* are affecting Costa Rica's pacifist ways. "This degrades our society," he says, "so that little by little we are losing our values."

Talk of national values might be easier to disregard in some countries, but Costa Rica's are indeed long established and unusual in Central America. Costa Rica began universal free public education in 1879 and social security in 1942, abolished the death penalty in 1882, and has elected its president and legislature since 1889. It has the region's highest standard of living, and a life expectancy comparable to the United States.

The country has also tried to foster political tolerance and dialogue—deep-rooted Costa Rican traits—through laws like the one that requires broadcasters to accept political ads during campaign periods. It was through recourse to that rule, in fact, that the freedom-of-information issue was raised briefly on television late last year. CODELI, a coalition of prominent writers, artists,and former government ministers, broke into prime time with a series of attractively produced ads warning that "the freedoms of information and opinion have become impoverished in Costa Rica . . . threatening a climate of intolerance that could be

GIL EISNER

manipulated to lead us into authoritarianism and the loss of our freedoms."

The media immediately denounced the ads as a campaign to discredit "the watchdogs of public morals," as one editorialist described the media, and shortly thereafter TV newscasts picked up on a newspaper story that painted former president Figueres as a traitor and implied that CODELI and Costa Rican neutrality play into a Nicaraguan-Cuban plot. The news reports were based on a highly incriminating letter, supposedly sent by the Nicaraguan ambassador to Figueres—a letter that police later determined was forged.

While CODELI's ads on behalf of free speech were soon withdrawn from the air, the broadcasters have had no objection to carrying "Let's Activate Costa Rica" ads from the Costa Rican Coalition for Development Alternatives (CINDE), a recipient of grants from the U.S. Agency for International Development. CINDE's ads show workers and management climbing a hill together, then standing on the summit as the Costa Rican flag rises behind them. The objective: associating the country's anti-union but pro-U.S. business establishment with patriotism, and promoting the passage of laws favoring exports—which is consistent with U.S. advice to Costa Rica and other countries deep in debt. "In the context that the U.S. government is aiding us massively," says Lafitte Fernandez of CINDE, "the idea is that I'll help you, but you must change."

Up-to-date video persuasion was also employed in TV advertising during this winter's presidential campaign. Right-wing candidate Rafael Angel Calderón Fournier, a godson of former Nicaraguan dictator Anastasio Somoza Garcia, was shown talking one-on-one with Ronald Reagan, Margaret Thatcher, and Pope John Paul II. Calderón's opponent, Oscar Arias Sánchez, the candidate of the incumbent centrist party, brought in liberal American consultants Bendixen & Law, who used polling to identify what was worrying the large bloc of undecided voters and refocus the campaign appropriately. By promising jobs, housing, and peace, Arias was able to overcome Calderón's wide lead in early polls to win the presidency in February.

The fact that Arias—certainly not the oligarchy's favorite for the presidency—was allowed to advertise on television indicates that the Costa Rican media carry a wider range of views than those of less democratic Third World countries. Its government also doesn't seriously threaten freedom of the press. But CODELI wasn't defending freedom of the *press*. The group's complaint, given a brief and rare airing this winter, was that the media themselves, controlled by a small minority, act as censors, threatening the citizens' freedom of *information* that is essential to democracy. Throughout the Third World this concern has led to calls for a "new information order" and the removal of media from foreign and private control. "The owners of the media," warns former president Oduber, "should be aware that they are provoking an attack against the media." ●

What's the Matter With Kids Today?

by Alex Heard

Has anyone else noticed that college students across the nation aren't watching television with as much rigor, style, and camaraderie as they did from 1975 to 1980, when I was an undergraduate?

Having spent three days late last fall watching students watch television at my alma mater, Vanderbilt University, I'm sure there's a fascinating national trend here just waiting to be found out. What's needed, of course, is a full-blown newsmagazine treatment, complete with impossibly apt quotes from students, psych professors, media experts, even university chaplains. Sounds like a job for *Newsweek on Campus*.

Possibly we have here evidence of the New Campus Conservatism. Or maybe it's the New Individualism, or perhaps even the New Vocationalism. Some combination of such factors must have been at work, because things certainly have changed at Vandy.

I returned expecting to find the same strange inducements for viewing that existed in my day (there, I've said it): "pack" viewing, heavy on snide commentary (TV researchers call this "social utility" or "interaction viewing"); pre-exam procrastination viewing ("task avoidance"); and post-exam mind erasure ("total mind blitz"). I did find some of the old patterns in evidence. It's clear, for example, that students still love to relax with a good soap opera: *All My Children* and *General Hospital* remain the campus favorites. Yet I was bitterly disappointed by the diminished group-viewing scene. Group television was, along with bar hopping and task avoidance, among the most significant and creative aspects of my college career.

Today, the Vanderbilt dormitory lounges, which once buzzed with sarcastic remarks, are relatively silent. More often, students are watching television in private, alone or in small groups. (See the New Individualism, above.) And with a few shining exceptions students are watching particular programs because they *like* them, not because they provide fodder for crack-making. This contradicts everything I knew about college television watching. I don't know. I'm not about to say that today's college students are weird, but I *am* thinking about it.

It may be tough to tease out the national trends here, since the marketing experts, ratings researchers, and scholars who follow viewing trends don't pay much attention to college students. George Gerbner, dean of the University of Pennsylvania's Annenberg School of Communications, reports that "years of studies have shown that television viewing is an integral part of a stable lifestyle, but being a college student is not a stable lifestyle." A 1981 Nielsen report on viewing among students at the University of Wisconsin-Madison said exactly what the networks don't like to hear: College students watch "considerably less" television than the average person.

Though Vanderbilt's dorms are not wired for cable, many of the school's semi-TV-hungry students either own or rent VCRs. And there are some network programs with obvious appeal for students. Not surprisingly, *Late Night with David Letterman* and *Miami Vice* are the most popular nighttime shows on campus. (Sorry, *Dynasty*.) *Late Night* is so popular that the students' speakers committee last fall spent $3,500 for an appearance by that enigmatic Letterman straight man, Larry ("Bud") Melman. The committee is supposed to traffic only in serious lecturers, so Melman's selection caused a mini-controversy. Nevertheless, the crowd was standing room only.

Students also turn out regularly for *Miami Vice*. The members of the Deke fraternity, for example, watch it en masse every week. I chose to watch it in a more democratic setting: with three slobs in a dorm room that was knee-deep in laundry, beer cans, and bean-dip containers. Describing why the show appeals to them, they admitted that the plots and dialogue are "bad and getting worse," but all three said they are attracted enough by the show's "look" to ignore these faults. Besides, they said, the campiness is part of the fun.

With these shows, a very popular Thursday-night lineup, and a revamped *Saturday Night Live* making slow but steady progress, NBC has a lock on the Vanderbilt campus. Other best-loved shows of 1985–86 include ABC's *North and South* miniseries, "any football," *Jeopardy*, and *Wheel of Fortune. Wheel of Fortune*? "Oh, definitely," a coed told me. "It's really fun to play it."

You figure it out. By the time I left campus, I felt as archaic as one of those old-time alums in a straw hat and a bright red bow tie. Back in 1979 (wheeze, hack), I lived in a dorm that housed a fanatical cult of television sarco-gnostics. Have I mentioned sarcasm-driven television watching yet? No? Well, let me get another shawl and some warm bricks to set near my feet and I'll tell you about it.

Yep, what an era. Assembled in the first-floor lounge of McGill Hall—at the time, Vanderbilt's "philosophy" dorm—10 or 20 of us regularly pursued the violent-but-pleasurable emotions aroused by certain very bad programs. Foremost among them were *The Love Boat, The Incredible Hulk, The Dukes of Hazzard, Lost in Space*, and *The Brady Bunch*.

Sure, some students watched TV for other reasons. There was the normal sample of *Star Trek* and *Andy Griffith Show* fiends; enthusiasts of old movies, *Saturday Night Live*, soap operas, and sports; even a few dreaded English majors who wanted to watch "good" TV on PBS. Members of this last group were the only ones who were methodically persecuted. Whenever one of them approached the set, he was shot down with a fusillade of insults, beer cans, and Burger King packaging.

In fact, verbal and physical projectiles dominate my cherished memories of col-

Alex Heard is a humorist, even though he lives in Washington, D.C.

What had happened to the old group-viewing scene on campus? The lounges were empty. I tracked Burger King spores until I found four guys watching a soap in an all-male dorm . . .

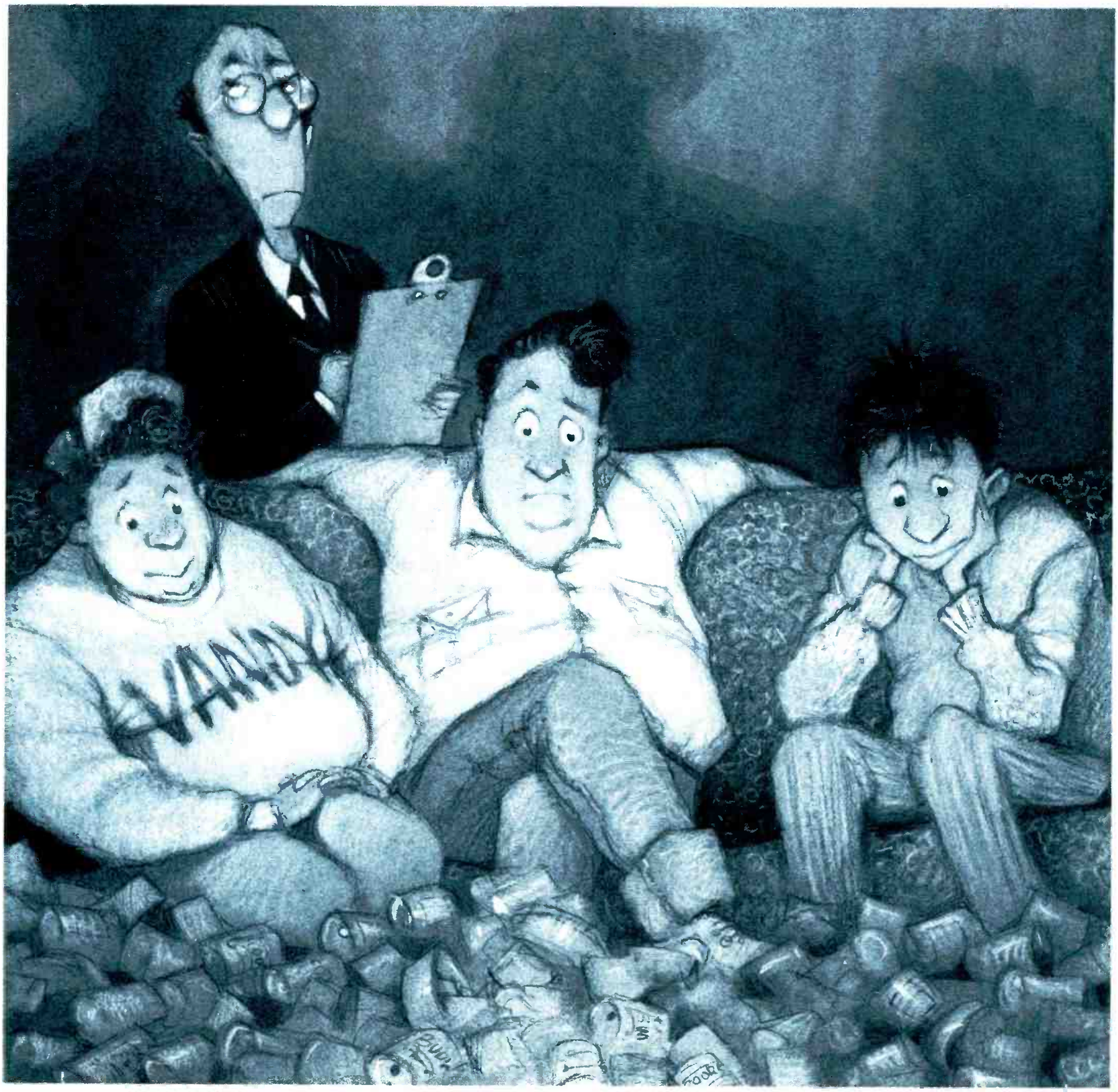
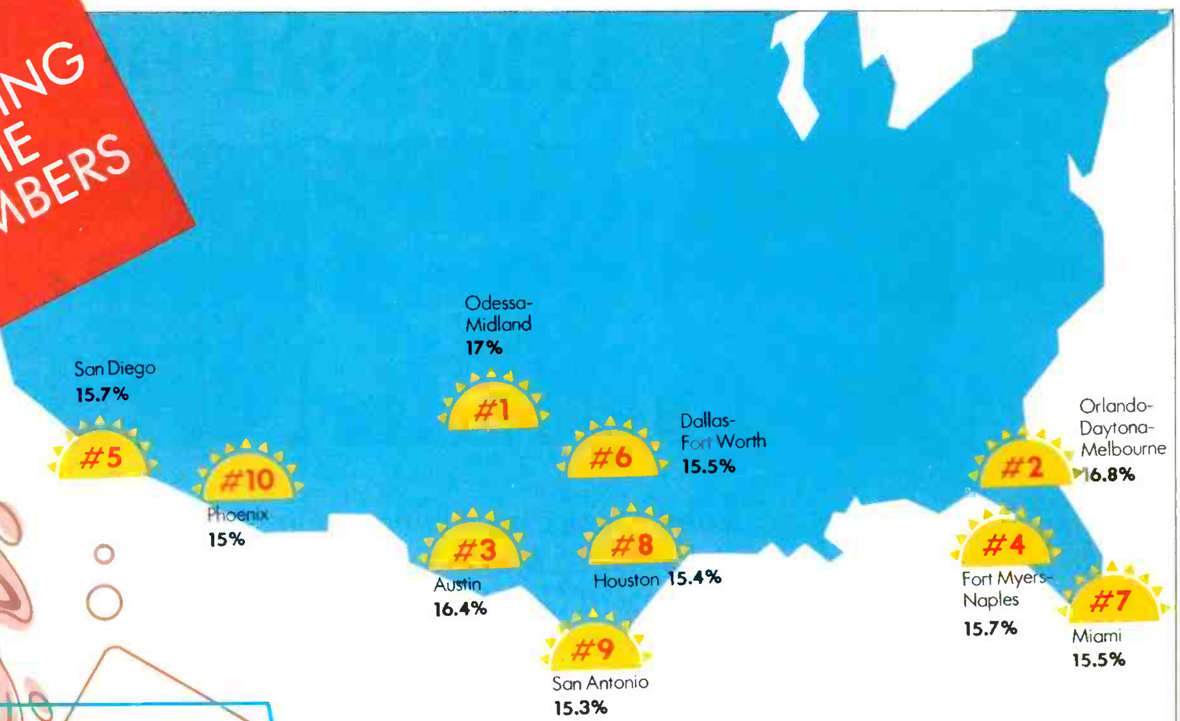


ILLUSTRATION BY H.B. LEWIS

RUNNING THE NUMBERS



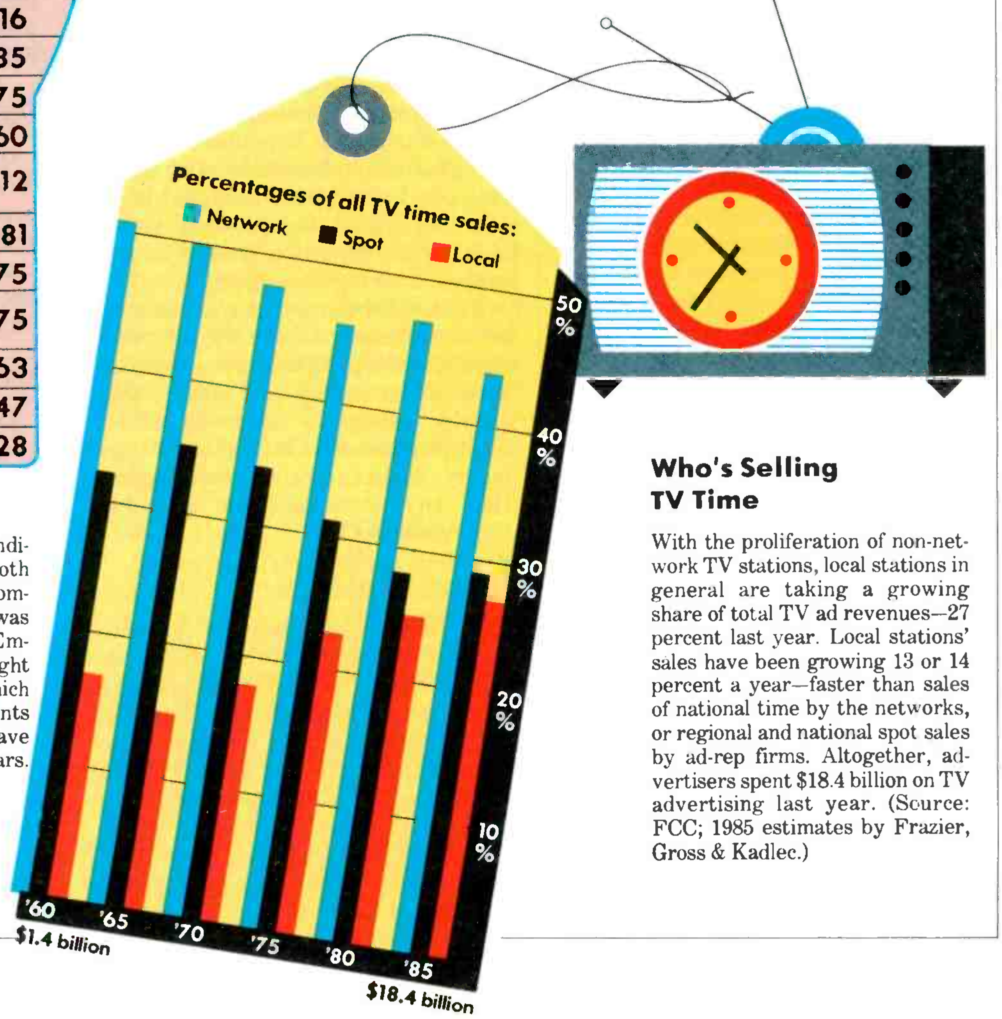
Where TV Revenues Will Grow Fastest

The 10 markets with the highest annual growth rates in television revenues between now and 1990 are all in the Sun Belt, according to the media consulting firm Frazier, Gross & Kadlec.

	Estimated 1984 revenues	Estimated 1985 revenues
Columbia/Embassy (Coca-Cola)	350	**400**
Paramount (Gulf & Western)	300	**345**
Universal (MCA)	200	**275**
20th Century Fox	180	**225**
Lorimar/Telepictures	113	**216**
MGM/UA	115	**185**
LBS (Lexington Broadcast)	150	**175**
Warner Bros.	140	**160**
Worldvision (Taft Broadcasting)	102	**112**
King World	29	**81**
Metromedia	60	**75**
Group W (Westinghouse)	65	**75**
Viacom	53	**63**
Multimedia	41	**47**
Orion Pictures	26	**28**

Coke Is It

Coca-Cola has taken the lead in TV syndication revenues, now that it owns both Columbia Pictures and Embassy Communications. (Previously Columbia was the number-three syndicator and Embassy the eighth-ranked.) Coke bought its way to the top of syndication, which despite the waves made by independents is still dominated by the studios that have controlled series production for years. (Source: Paul Kagan Associates.)



Who's Selling TV Time

With the proliferation of non-network TV stations, local stations in general are taking a growing share of total TV ad revenues—27 percent last year. Local stations' sales have been growing 13 or 14 percent a year—faster than sales of national time by the networks, or regional and national spot sales by ad-rep firms. Altogether, advertisers spent $18.4 billion on TV advertising last year. (Source: FCC; 1985 estimates by Frazier, Gross & Kadlec.)

CHARTS BY RENÉE KLEIN