

BRIEFING BOOK

FOR

SPEECH TO NATIONAL UNION RALLY

May 14, 1973

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OFFICE OF TELECOMMUNICATIONS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20504

May 11, 1973

MEMORANDUM FOR MR. WHITEHEAD

From: Helen C. Hall

Subject: Background Information on May 14
National Union Rally

The National Union Rally has been called by the National Conference of Motion Picture and Television Unions to express a need for Congressional legislation to stem the unemployment tide affecting American actors, artists, technicians, and craftsmen.

Major Concerns

- Non-union contracts in U.S.
- Low-standard labor overseas
- FCC Prime Time Ruling
- Too many reruns
- Non-union standards in Federal Government audio-visual contracts

Purpose of the Rally

- To focus attention on these concerns
- To promote Congressional action
- To discuss concerns with members of the Congress and Federal Agencies
- To endorse measures favorable to their needs: (1) the OTP recommendation to cut back reruns and rescind the Prime Time Access Rule; (2) the Burke-Hartke bill to curb competition from foreign labor,

including motion picture and audio-visual production; and, (3) H.R. 62 and 5.151 to enforce provisions of a 1965 Act requiring all government agencies to seek competitive bidding at prevailing union standards on contracts for motion pictures and audio-visual materials.

Tactics

- A 2-day meeting on Capitol Hill at the Capitol Hill Quality Inn (415 New Jersey Avenue, N.W.) of 200 union delegates -- the first such united-front gathering in the entertainment industry.
- Several varied professional and technical meetings addressed by union representatives
- A Monday luncheon in the Rayburn Building where you will speak
- A Tuesday noon parade to the Capitol
- A rally on the west steps of the Capitol after the parade addressed by Senator Vance Hartke, Representatives James Burke, Alphonzo Bell, James C. Corman and Barry Goldwater, Jr.

The National Conference of Motion Picture and Television Unions, which is sponsoring the rally, was founded in September 1972 specifically to foster American union employment in the motion picture and television industries. It is made up of representatives of primarily the Hollywood and New York locals of the following seven unions. All are affiliated with the AFL-CIO except the Teamsters:

Screen Actors Guild (S.A.G.) - founded in 1933;
23,000 members; member of the AFL-CIO

International Alliance of Theatrical Stage Employees
and Moving Picture Machine Operators (IATSE) -
founded in 1893; 60,000 members; 1000 locals; member
of AFL-CIO

National Association of Broadcast Engineers and Technicians (NABET) - 6,147 members; 63 locals; AFL-CIO

International Brotherhood of Painters and Allied Trades (IBPAT) - founded in 1887; 200,000 members; 950 locals; AFL-CIO

International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America (IBT) founded in 1903; 1,830,000 members; 805 locals, independent

American Federation of Television and Radio Artists (AFTRA); 18,000 members; 33 locals; AFL-CIO

*Information from 1972 Encyclopedia of Associations

Co-chairman of the rally are Robert Hyle, business manager of IATSE Local 52, and Ben Loveless, executive secretary of the Teamsters Local 399.

SUMMARY OF PRESIDENT'S LETTER

SEPTEMBER 12, 1972

- Increasing number of reruns constitutes an economic threat to the talented men and women of the American film industry
- In cutting the amount of original programming, the TV networks are failing to serve their own best interests, as well as those of the public.

- The skilled and creative people in the film industry constitute a great national resource -- one that sustains the TV industry and provides enjoyment for millions of Americans. This resource is now drastically under-used -- and it is the TV viewing public that suffers.
- It is certainly not in the public interest nor in the network's long-range interests, to have our domestic program production industry sapped of its vitality.
- The rerun problem is complicated. We have to understand the economic complexities of why the program resource is under-used, and why the system produces the kind of programs it does.
- I don't think all the facts are in yet on the prime time rules. But I do think it's time for the FCC to take a close look at the effect of the rules, as Dean Burch has indicated they will.
- The prime time access rule and the rerun problem are a part of the need for more program diversity and more program choices for the viewers. In many ways, these needs result from the fact that we have only three national television channels of programming in prime time. As long as we are working within a three network system, we have to deal with problems such as reruns and prime time access as best we can.
- It is perfectly consistent with our legal and economic traditions to help expand program diversity and viewer choice by creating conditions favorable to the development of additional commercial networks or other new program suppliers.

SUMMARY OF RERUN REPORT

- Problem: Networks beginning to repeat their prime time TV shows earlier and earlier each year.

● <u>Increases in Reruns</u>	<u>1962/63</u>	<u>1971/72</u>
ABC	31	35
CBS	29	44
NBC	29(1961/62)	41

- Causes of reruns? Three alternative hypotheses were considered:

- Competition
- Rivalry
- Cartel

- Which explanation fits?

- 1962-1971 original episode program payments by network rose 89% -- while total network program expenditures rose 88%
- Whatever explanation, reruns and increased costs of programs go hand in hand.

- Is it cost-push inflation on the part of the craft unions? Evidence suggests not:

- Craft union wages increased 42% 1962-1971 while consumer price levels rose 33% over same period.
- Man hours of labor/unit of output have actually been declining in recent years.
- At most man hours of labor/output ratio has increased only 20% in same period due to:
 - change to color
 - increase in on-location production

*No evidence available which would suggest significant increases in restrictive feather-bedding union practices.

- Is it demand-pull - interpreted in terms of the rivalry hypothesis?
 - Study suggests this may be the explanation -- above-the-line talent wages have increased 4.5 times faster than SAG minimum scale.
- Conclusion of Analysis of Causes of Reruns
 - Networks individually and collectively possess great economic power.
 - Result of power -- cycle of rivalry behavior which has the effect of driving down the quality of original programming and maintaining the profit levels of the networks.
- Effects of Reruns on Public -- General Public Does Suffer
 - When reruns start, the only choice the viewing public is given is between watching a rerun of a program they have recently seen on one network or the programs on the other two networks they had chosen not to see the first time they were offered.
 - Entertainment programs, especially movies are repeated most often, while news, sports, and public affairs specials are hardly repeated at all.
 - Viewers are "products" in a commercial process with little role in decision making -- it is the viewers' "characteristics" not tastes and desires that are important to networks -- therefore, they can't maintain that reruns serve the viewers' desires or that changes in viewer tastes have led to a demand for more expensive programming.
- Effect of Reruns on Unions
 - A few figures below-the-line union members employed in Hollywood by AMPTP companies in 1962-1971:
 - wage rates increased 42%, compared to 33% increase in consumer price index.

- Average craft union incomes fell from \$7,530 in 1969 to \$7,405 in 1971 despite an hourly wage rate increase from \$4.92 to \$5.17/hr.
- Other Factors Affecting Employment
 - Decline of Movie Industry --
 - TV occupies a greater proportion of the industry's total production -- program production industry's fate is firmly tied to TV, particularly to advertiser-supported network TV.
 - Recently, however, several factors have combined to reduce the output level of original TV productions.
 - Runaway Production
 - Little evidence of increasing proportion of foreign production, with a level high for recent years
 - Program Length
 - Some effect but not significant.
 - Feature Length Movies and Sports
 - 1962 - 4 hours/week devoted to movies on all three networks combined.
 - By 1972 -- increased to 14 hours/week or 22% of schedule
 - Prime Time Access Rule (See also Summary of Dean Burch Letter)
 - Access time will in future (if PTAR not changed) be devoted to programs of lower cost and employment than network programming.
 - PTAR - for CBS - responsible for 33.4% of decline of network's original production hours.

- Summarized rerun study findings.
- OTP explored with networks the possibility of voluntary reductions in the percentage of rerun programming in prime-time -- that they find ways to reverse the trend toward fewer and fewer original programs.
- Networks refused to consider voluntary restraints -- OTP thus urges FCC to conduct a full inquiry into this matter and consider whatever regulatory remedies may be appropriate in protecting the public interest.
- OTP data indicates PTAR
 - Limits the amount of diverse, original, and high-quality programming
 - Also weakens program production industry -- contrary to Rule's basic objectives.

from: Mr. Joyce

Talking Points on Audio-Visual Study

1. For some years, the Government has had a policy of relying on the private enterprise system to supply its needs. To implement this policy, restrictions are established on the creation or expansion of Government commercial or industrial activities which exceed certain budget thresholds.
2. Exceptions to the policy are permitted for reasons of undue delay, military necessity, or where it can be shown that the use of a commercial source will result in higher cost to the Government. Recognizing the undesirability of Government competition with the private sector, the present policy indicates that a cost advantage of at least 10% should be demonstrated before justifying in-house activity on the basis of cost. The Commission on Government Procurement has recommended that 10% be the minimum required cost advantage, with a range of up to 25% to be considered on a case by case basis.
3. The Administration has requested a group representing 15 Federal agencies, chaired by OTP, to look into the implementation of the present policy in the audio-visual field. The group has been working since November, and expects to complete its work this summer. In addition to the question of in-house production, the group is dealing with other issues in the field, including duplication of facilities and production.
4. Total Federal Government spending on all types of audio-visual equipment materials and operations is roughly \$400 million per year. Of this, about \$35 million is spent for the production of finished motion picture films, video tapes, film strips, multi-media shows and the like. The balance is for still photography, scientific and technical photography, processing, distribution and presentation, and graphic arts.
5. Of the \$35 million spent for production, about \$30 million is for motion picture production; with about \$10 million of that now done on contract and \$20 million produced in-house.
6. The Study Group is looking at the question of whether the Federal policy is being adequately applied with respect to the in-house production, processing and distribution activities in the audio-visual area. If it is not, some portion of the \$20 million of in-house production work will be shifted to the private sector.

Thos. Greene

May 4, 1973

MEMORANDUM

FOR: Clay T. Whitehead

FROM: Charles C. Joyce, Jr. *CCJ*

SUBJECT: Overview of Government Audio-Visual Study

This is in response to your request for a general report on the status of the Audio-Visual Study, and what we expect to find.

Status:

As you know, this is not an OTP study but an inter-agency study. I chair the Steering Group of 15 agency representatives. A working group of about 30 part time government people is surveying all Federal agencies and doing a report for the Steering Group. That report is due to the Steering Group on June 30. I expect about a two week slip beyond that, to July 15. Assuming some controversial recommendations are made, it could take until September 1 to get agency agreement on final recommendations and actions.

Working Groups have completed surveys of 13 agencies. Three survey reports are in, the balance due within a week. DOD and HEW will be surveyed, and reports completed by the end of May.

Overview of the Audio-Visual Field:

The definitive work on the Audio-Visual industry is Hope Reports. The latest (1972) report pegs the industry at \$2 billion in 1971. Of this \$887 million is for productions and supplies. The balance is for equipment, administration and public broadcasting. The lion's share of production is motion pictures -- 73% of the dollar value of all finished production is for "mopix".

Government Audio-Visual Expenditures:

The limits of the Audio-Visual field are hard to define, and the definitional issues affect costs by a factor of 4 or more. We adopted a fairly broad definition comparable to what Goldwater used in estimating DOD costs at 214 million/yr. This includes still & motion picture photography, radio and TV, exhibits, and those graphic arts which are included in combined Audio-Visual organizations. Excluded are satellite and intelligence photography and map-making, and classified R&D.

With this definition, I would put Government Audio-Visual spending at about 400 million/yr.

Breakdown by Agencies

Department of Defense	\$280 M	
USIA	30 M	(includes radio broadcasting)
Other Agencies	40 M	
	\$400 M	

Breakdown by Expenditure Type

In-House Personnel Costs	\$230 M
Contracts	55 M
Supplies & Equipment	115 M
	\$400 M

So we have about \$170 M going to the private sector, \$230 M in-house. This is cash flow, not productions.

Motion Pictures:

Of concern to Hollywood and the film industry is basically the motion picture activity of the Government. Hope Reports estimates 1971 Government expenditures for Mopix at \$66.5 million. My estimate for 1972, on a slightly broader definition, is \$75 million. (I have included film shot and processed for documentary purposes which may not end up in finished productions.)

Mopix Breakdown by Agencies and Contracts

	\$ Million	
	Total	Contract Portion
DOD	45	5
USIA	10	5
Other Agencies	20	3
	<u>75</u>	<u>13</u>

These figures include both production activities and the laboratory processing and copying of films.

My looking at DOD thus far convinces me that costs are high relative to output because facilities are very under-utilized. If all DOD facilities were eliminated, less money would be spent because (1) it wouldn't cost as much to produce what is produced and (2) less would be produced because when the real cost of each film is seen, I believe users will cancel some of their projects.

The above arguments are true to a lesser extent, I believe, in other agencies.

I estimate the maximum potential for additional film production and processing business for the private sector, which would attend a wholesale closing of Government facilities, as follows:

DOD	\$20 M
USIA	3 M
Other	10 M
	<u>\$33</u>

Most or all of this business would go to non-theatrical producers and film laboratories. Little if any would go to unionized studios.

For perspective, Hope estimates the 1971 non-theatrical motion picture market at \$615 million. So this action would constitute about a 5% increase.

Caveats:

1. I can't back up any of the numbers precisely yet. They are rough estimates.
2. I can't promise that it would be possible to get agreement to shut down all Government facilities. The industry has been after DOD for ten years on this point with limited success.

Study Results

I believe that the study results will:

1. Provide a firm basis for the analysis above.
2. Document that the OMB policy on use of the private sector is ignored or incorrectly interpreted by agencies with in-house facilities.
3. Show that many agencies get all their work done out of house with good results.
4. Show that some Government facilities are grossly underutilized and that consolidation or elimination is called for.
5. Highlight the need for improved contracting procedures and possibly a centralized controlling office.
6. Recommend an information system for planned, in progress and completed productions to avoid duplication and increase the utilization of products.
7. May recommend more centralization of the distribution functions in GSA.

I doubt that the study group will identify specific facilities which should be closed, but the work could provide the basis for appropriate follow-up in that regard during the FY 75 budget cycle.

cc: DO Records
DO Chron
GC Subject - AV Study
GC Chron
Lva
Mrs. Greene ✓

CCJoyce:kraj:5-4-73

September 12, 1972

Dear Mr. Gavin:

Following our discussion of the growing tendency of the networks to use re-runs in place of original programming, I asked Tom Whitehead, the Director of the Office of Telecommunications Policy to look into this problem, and you were contacted by Mr. Whitehead's General Counsel.

I can tell you now that, in general, I agree with your view that the increasing number of re-runs on the networks in prime time constitutes an economic threat to the talented men and women of the American film industry. I am convinced that, in cutting the amount of original programming, the television networks are failing to serve their own best interests, as well as those of the public. No one will gain if this network practice has the long-run effect of drying up the domestic sources of new programming.

Given the potential serious effect of this practice, I have instructed Mr. Whitehead to thoroughly investigate this problem. I am hopeful that Mr. Whitehead, working with the networks, will find a voluntary solution. Otherwise we will explore whatever regulatory recommendations are in order.

Incidentally, Mr. Whitehead has advised me that he intends to address the question of re-runs in a speech he will be making in San Francisco on September 14, and he will be representing my point of view. I urge you to keep in touch with him.

Once again, thank you for bringing this to my attention. You can be assured that we shall continue to work with you on this important problem.

Sincerely,
RICHARD NIXON

Mr. John Gavin
President
Screen Actors Guild
7750 West Sunset Boulevard
Los Angeles, California 90046

REMARKS OF

Clay T. Whitehead, Director

Office of Telecommunications Policy
Executive Office of the President

before the

San Francisco Chapter
National Academy of Television Arts and Sciences

Mark Hopkins
San Francisco, California

September 14, 1972

Last year around this time I made a speech in New York City that got some attention because of my proposals for restructuring the framework in which the government regulates broadcasting. I attempted to deal with fundamental problems, such as license renewals, the Fairness Doctrine, public access, and the whole scheme of radio regulation. We've done more work on these proposals and have had many constructive discussions about them with people in the broadcast industry and others. Soon we may be able to take concrete action in some of these areas--license renewals may be the first.

But these proposals constituted the second half of my speech last year. The first half--which got much less notice--dealt with the new television season of 1971-72, some harsh realities of the television business and how the viewers perceive and react to the programs provided to them. Now there's a new fall season. I'm going to kick it off by stressing some of the same realities.

I'll start with my annual predictions about the new television season that began this week. I predict that CBS will have success with its ethnic lineup, especially "Bridget Loves Bernie," in which a rich Irish girl marries a poor Jewish boy, who is disowned by his

family after showing up at Friday night services in a McGovern sweatshirt. NBC will find a large audience for its "Ghost Story" series, which tells the haunting tale of Lyndon Johnson's role at the Democratic convention. The biggest surprise of the season will be ABC's "The Rookies," starring Sargent Shriver--it should get a rating of at least 1000 percent.

The opening of a new TV season is an exciting time. Television has the viewer's attention. It's a novelty again. While the professionals anxiously scan the overnights, the viewers have a grand time. For them, the television industry is what they see on their sets. What the advertisers are buying, or what the prime time access rule is all about hardly enters their picture. They see the best movies, the best of the series, the greatest specials, the biggest name guest stars--it's enough to make them want to stay glued to their sets for the life of a 13-week contract. But the bloom wears off quickly. The audience has learned by now that the new season isn't a rebirth of television's golden age; it's just another new season. Soon we will hear the familiar complaints about the blandness, the sameness, the lack of quality, the commercials, the violence and all the rest. The people want it the way it was back in the fall, but this level of programming isn't sustained, and the viewers urge the government to do something about television. So

as we go into a new season we should look beyond the excitement of the new programs and deal with some difficult, continuing realities of the TV business. But look at the complexities involved.

It is an unpleasant fact that broadcasting is the only medium of expression under direct regulation. In the regulatory process the government tries to avoid content regulation and keep its attention focused on the technical and operational aspects. But something must be done about the realities of television. To regulate TV within the public interest context of the Communications Act, the FCC has to devote some attention, at least indirectly, to the programming seen by the viewers. This Administration has strongly and consistently urged that regulatory involvement in broadcast content be kept to a bare minimum, and that the Communication Act's public interest constraints not be permitted to overshadow the Constitution's principles of free expression. We shall continue to urge this approach most strongly, for it's the only approach consistent with the First Amendment and with the maintenance of a private enterprise broadcast system in this country.

The FCC has worked well in the very difficult and anomalous position of regulating a medium of expression in a country that values the First Amendment as its most precious right. But it's not the only arm of government

that has an interest in or a responsibility for this crucial balancing of interests. OTP was created two years ago, with the support of the FCC and the approval of the Congress, to advise the President on these sensitive questions. Some have suggested that once created, OTP should stay silent; but it is wholly appropriate and necessary for the Executive Branch to grapple with the important communications issues of our time. Given the pervasiveness of broadcasting, the importance of television in our society, and the fast changing technologies, it's essential that the President have available to him a source of expert, independent judgment. That's why there is an OTP.

I believe OTP has played its role responsibly and with restraint. We have attempted to stay above the smoke of the battle and take a long view. There are, however, immediate problems that also come to the attention of the Executive Branch. One of these problems is the question of network reruns. Once the glow of the new season fades, the viewers will be up in arms when they realize the extent to which the networks are programming reruns. A study made by the Hollywood unions, which have been hit hard because of this practice, claims that the general nationwide average of reruns in network prime time is close to 60 percent. This has happened

slowly, but it's now getting to critical proportions. I've read that the networks are working with a 44-week schedule, which contemplates 20 or 22 weeks of reruns, and this doesn't even take the summer weeks into account.

The problem was recently brought to the President's attention by the program production industry and its talent and craft unions. The President has written to John Gavin, the head of the Screen Actors Guild, expressing general agreement that the increasing number of reruns constitutes an economic threat to the program production industry. And the President has asked OTP to look into this matter and recommend appropriate action.

From what I've seen already, this will be a good profit year in the TV industry. I've also heard that the Hollywood studios are on the ropes--that at any one time there are many craft unions with 50% to 75% of their members out of work. It is not clear whether there is a relationship between either of these facts and the spreading blight of reruns, but this is a matter that requires some close scrutiny. The skilled and creative people in the film industry constitute a great national resource--one that sustains the TV industry and provides enjoyment for millions of Americans. This resource is now drastically under-used--and it is the TV viewing public that suffers.

It may be cheaper to buy programming overseas, where production costs may be recovered before the program is put on the international market, but it's certainly not in the public interest nor in the networks' long-range interests, to have our domestic program production industry sapped of its vitality. After all, this resource of creative talent and skills is capable of generating audience interest in television during September and October every year and, if given the chance, it could sustain that interest right through to June.

The rerun problem is complicated. It's irresponsible to criticize the entertainment programs the viewer sees on his screen and blame evil-intentioned network executives for not doing better. We have to understand the economic complexities of why the program industry resource is under-used, and why the system produces the kind of programs it does. We are going to look at the rerun problem carefully, and make our recommendations to the FCC, if necessary, or urge the networks to take whatever action is deemed appropriate.

The mix of public interest, film industry employment, and broadcast schedule factors, which is present in the rerun problem, is also present in the prime time access problem. Some argue forcefully for abolition of the prime time rule as the salvation of Hollywood--after all it seems

to be costing the studios some \$50 million annually. And it is questionable whether the public has gotten much out of the game shows and quiz shows that so often fill the 7:30 p.m. time slot. I don't think all the facts are in yet on the prime time rules. But I do think it's time for the FCC to take a close look at the effect of the rules, as Dean Burch has indicated they will. Chairman Burch is an outstanding regulator who has always taken an open-minded approach; when the requirements don't serve their intended purpose, he moves to change them. I'm confident all concerned will get a fair hearing on the prime time rules.

The prime time access rule and the rerun problem are a part of the need for more program diversity and more program choices for the viewers. In many ways, these needs result from the fact that we have only three national television channels of programming in prime time. As long as we are working within a three-network system, we have to deal with problems such as reruns and prime time access as best we can. But, from a longer-run policy perspective, creation of new networks may well be the only way to meet the needs of program diversity and audience choice.

Some have charged that OTP has opposed development of public broadcasting into a fourth national network

because we wanted to stifle dissent or protect the commercial networks' profits. Nothing could be further from the point; we simply believe that the government has no business creating and subsidizing a national television network. But it is perfectly consistent with our legal and economic traditions to help expand program diversity and viewer choice by creating conditions favorable to the development of additional commercial networks or other new program suppliers.

This, you may say, sounds like "pie in the sky." After all, the practical problems of starting up additional networks have been insurmountable. True enough; the high costs of interconnection and the need to achieve a critical mass of major market affiliates have blocked the chances for successful operations of new networks. But the times are changing:

First, the "open skies" policy for domestic satellites could substantially lower the costs of national and regional network interconnection. When combined with an open entry policy for ownership and use of ground receiving stations by broadcasters and cable operators, satellites could facilitate affiliations with new national, regional and specialized programming networks.

Second, the critical mass problem of collecting enough major market affiliates could be eased by cable TV

development. The new networks do not have to look like the present networks or operate in the same way. There does not appear to be any reason why new networks can't be combinations of broadcast stations and cable systems, or why they can't simply be real-time program syndicators.

All of us owe the viewers our best effort in dealing with the important issues raised by the communications revolution that is upon us. They will get the Administration's best effort, whether we are dealing with longer range policy for the technologies that could offer new services and expand the range of programs available to the viewers or whether we are grappling with a problem such as the one posed by reruns. The consumer movement has made those of us in government sensitive to the fact that our policies have to be formulated in terms of their impact on the consumers. That is also the proper perspective for broadcasting's leaders. I hope that we can work together to expand television's role as a vital factor in our national life.

OFFICE OF TELECOMMUNICATIONS POLICY

EXECUTIVE OFFICE OF THE PRESIDENT

WASHINGTON, D.C. 20504

March 21, 1973

DIRECTOR

Honorable Dean Burch
Chairman
Federal Communications Commission
1919 M Street, N. W.
Washington, D. C. 20036

Dear Dean:

As you know, the President last fall directed the Office of Telecommunications Policy to study the causes and effects of the increasing percentage of same-season, prime-time reruns by the three television networks. The President noted that this increase diminishes the amount of diverse programming available to the viewers and threatens the economic health of the American programming industry. The President asked that we seek a voluntary solution to this problem or, failing that, explore whatever regulatory recommendations may be in order.

OTP has completed its study and has now forwarded a report of the results to the President. The study shows that the percentage of prime evening time programs rerun within the same television year has increased substantially over the past decade. The television networks are beginning earlier and earlier each year to repeat their prime-time television programs. This means that the viewers see fewer and fewer hours of new programs and that the viability of the television program production industry is further threatened.

In the 1962-63 television season, NBC, for example, was buying an average of 32 original episodes in a program series. This declined to 24 episodes in the 1971-72 season. Some series now have as few as 22 original episodes. Moreover, the combined effects of the increase in reruns and the Commission's prime-time access rule (\$73.658(k)) have reduced the amount of original prime-time programming on the three networks combined by 25% over the last ten years.

The principal reason for the increased rerun percentage has been the increased cost of the prime-time television program production. Between 1962 and 1971, network

payments for production of original program episodes increased by almost 90%. Increased reruns have become a way for the networks to maintain profit levels in the face of rising program costs. Our study, however, found that the most plausible explanation for much of this cost increase is the rivalry of the networks for ratings, which causes them to bid up the fees of the highly popular talent and also increases other costs that the studios incur.

The study concludes that the increasing percentage of prime-time reruns in each broadcast year has contributed significantly to the decline of employment in the television program production industry. Other factors include the increased use of feature-length movies in prime time by the networks and the prime-time access rule.

Since this study discloses no economic forces at work to halt the trend toward ever higher percentages of prime-time reruns, we believe that the networks should exercise voluntary restraints or that appropriate regulatory restraints should be considered.

OTP explored with the networks the possibility of voluntary reductions in the percentage of rerun programming in prime time. We did not suggest that they program any particular number of original episodes, but simply that they find ways to reverse the trend toward fewer and fewer original programs. The networks refused to consider adopting voluntary restraints; although one network indicated that it would be willing to do so if the cost of producing programs could be reduced.

In the face of the networks' unwillingness to consider voluntary solutions, OTP urges the Commission to conduct a full inquiry into this matter and consider whatever regulatory remedies may be appropriate in protecting the public interest. For your information, we have attached a copy of our rerun study. At this point, we recommend only an inquiry and not the imposition of restrictions, since it is not entirely clear whether direct restrictions or other measures would be the most appropriate way to deal with the root causes of the rerun problem.

The data that we have collected indicate that the effects of prime-time rule, like the effects of reruns, limit the amount of diverse, original, and high-quality programming available in prime time to the American public. Its effects also weaken the program production industry, contrary to the rule's basic objectives. The rule was intended to stimulate new programming markets, encourage independent sources of program production, and create more program diversity in prime-time TV than the networks were providing. There are enough anticompetitive forces at work in TV without the Government adding more. Therefore, we also recommend that the prime-time rule be changed to allow the networks to program on a regular basis in the 7:30 - 8:00 p.m. time period beginning this fall.

Sincerely,



Clay T. Whitehead

Enclosure

MAY 4 1973

Mr. Sam Robert
Coordinator
National Conference of Motion
Picture and Television Unions
236 West 55th Street
Room 710
New York, New York 10019

Dear Mr. Robert:

I was very pleased to receive the letter from you, Robert Hyle, and Ben Loveless regarding the National Union Assembly and Rally you have called for May 14 and 15. I would be happy to accept your invitation to speak at the luncheon on the 14th and am looking forward to the occasion. I would suggest that you get in touch with Mr. Brian Lamb of my staff (202-395-4990) to discuss whatever further arrangements might be necessary.

Sincerely,



Clay T. Whitehead

cc:
DO Records
DO Chron
Mr. Whitehead
Mr. Lamb
HCH Chron
HCH Subject
Mr. McCarthy
Eva
Judy

HCHall:m1f:5-2-73

If you show it in America . . . if you sell it in America . . . make it in America

National Conference

of

Motion Picture and Television Unions

Treasurer

ANDRIAN J. SHORT, Jr.
Local 209,
8th Vice President, IATSE

Secretary

Walter Sampson
Local 771 IATSE

Co-Chairmen
ROBERT HYLE
Local 52, IATSE

BEN LOVELESS
Local 399,
Int'l Brotherhood
of Teamsters

236 West 55th Street, Room 710, New York, N.Y. 10019 • 212 - 245-5986 • Sam Robert, Coordinator

April 5, 1973

Clay T. Whitehead
Office of Telecommunications Policy
Washington D.C.

Dear Mr. Whitehead:

We wish to express our appreciation for your recommendation to the Federal Communication Commission to cut back re-runs and rescind the Prime Time Access Rule.

As you know so well from your studies such change would have a double benefit - it would give the public better programming and it would provide employment to the actors, artists, technicians, and craftsmen who are suffering, at present, from extreme unemployment.

We are enclosing a resolution on these issues adopted at a National meeting of our Conference held in Phoenix, February 21st. - 22nd.

We have decided to call a National Union Assembly and Rally in Washington, May 14th. and 15th. to press for the changes you recommend and for other measures needed to rescue the entertainment industry from it's present plight.

We want to hereby invite you to be a guest speaker at this Assembly to convey to the delegates your findings and your views.

EXECUTIVE COMMITTEE

WILLIAM BENNETT
Local 22, IATSE

ANDY CLORES
Local 829
United Scenic Artists

JOHN COFFEY
Local 695, IATSE

PAUL CONNORS
Local 11, IATSE

STEVE D'INZILLO
Local 306, IATSE

RAY EDWARDS
I.B.E.W., 11th District

DONALD HAGGERTY
Local 683, IATSE

THOMAS O'DONNELL
Local 817,
Int'l Brotherhood of Teamsters

Mr. Clay T. Whitehead
April 5, 1973
Page 2

The Assembly will be held at the Capitol Hill Quality Inn and will embrace delegates and officers of all the production unions and guilds, I.A.T.S.E., I.B.E.W., N.A.B.E.T., I.B.T., A.F.T.R.A., S.A.G., etc.

Richard Walsh, I.A.T.S.E. International President, Charles Pillard, I.B.E.W. International President, and Edward Lynch, N.A.B.E.T. International President head the list of union speakers.

We hope that it will be possible for you to accept our invitation and take part in this vital limited action whose objectives are so valuable for the cultural good health of America.

Sam Robert - 484-5620
Sam Robert
Coordinator

Respectfully Yours,

Robert M. Hyle
Robert M. Hyle
Co-Chairman

150-200 people
Ben Loveless
Ben Loveless
Co-Chairman

HR 2675
HR 1090

Rally - Tuesday 12 Noon
front of the Capitol
Burke - Hartke

SR:d1

12:30
Monday
Rayburn
339 B
Lunchroom

Thursday - Brennan
Bill Baldwin

John Bass
Dr. Al Reice
will attend lunchroom

THE WHITE HOUSE

WASHINGTON

April 27, 1973

MEMORANDUM FOR BRIAN LAMB

Per our conversation, I am sending the attached to you for your handling.

W. Richard Howard

THE WHITE HOUSE

WASHINGTON

April 16, 1973

MEMORANDUM FOR: BILL BAROODY
FROM: BRUCE HERSCHENSOHN *B.H.*

The problems articulated in the telegram are real problems and not a small bias.

Unethically, the two signers told Weekly Variety they sent the telegram and, in its latest edition (Wednesday, April 11), Weekly Variety quotes the telegram on page 1.

My own feeling is that they should be granted an audience with an Administration spokesman, in combination with a more diversified group of people from the motion picture profession. More than these union people have a great deal at stake. If "a delaying action" is wanted, we could always say that there will be a larger group meeting at a later time.

Attachment - wire

*Dick - what do
you think of this?*

(B)

THE WHITE HOUSE
WASHINGTON

Paul Hirschman

Date: April 4, 1973

MEMO FOR: LEONARD GARMENT
FROM: DAVID PARKER

The attached is for your appropriate handling.

— Thank you.

Interview

WHA037(1519)(1-035279A093)PD 04/03/73 1515
ICS IPMKNNA NYK
01017 KM NEWYORK NY 201 04-03 211P EST
PMS PRESIDENT RICHARD NIXON
WHITE HOUSE
WASHDC

ACTION	
T/D	
SCHEDULE BD.	
DATE RECEIVED	APR 4 1973
RMN MESSAGE	
SPEAKERS BUREAU	
OTHER	
APPOINTMENT OFFICE	

1976 MAR 4 PM 10 27
PI 3 23

NATIONAL CONFERENCE OF MOTION PICTURE AND TELEVISION UNIONS APPLAU
D YOUR STIRRING WORDS PRAISING THE AMERICAN MOTION PICTURE INDUS
TRY AND ITS WORLD-WIDE VALUE TO OUR NATION AT THE JOHN FORD DINNER.
THE MOTION PICTURE INDUSTRY TODAY AND ITS WORKERS URGENTLY NEED YOUR
HELP?

WE NEED AN EXECUTIVE ORDER TO ENFORCE THE 1965 SERVICE ACT AND YOUR
SUPPORT OF HR2675 (GOLDWATER JR., CORMAN AND BELL) TO OPEN GOVERNMENT
MOTION PICTURE AND AUDIO-VISUAL WORK TO PRIVATE AMERICAN PRODUCERS
AND THE EMPLOYMENT OF PROFESSIONAL DIRECTORS, ACTORS, ARTISTS AND

↑

TECHNICIANS.

WE NEED A PRESIDENTIAL STATEMENT TO UPHOLD AMERICAN PRODUCTION SUFFERI
NG

FROM THE INORDINATE NUMBER OF PICTURE AND TV PROGRAMS PRODUCED OUT
SIDE THE UNITED STATES.

WE RESPECTFULLY AND URGENTLY REQUEST A MEETING WITH YOU ON THESE
MATTERS.

SUCH A MEETING WOULD DRAMATIZE TO THE NATION SUPPORT OF THE AMERICAN
MOTION PICTURE INDUSTRY IN THE SPIRIT OF YOUR WORDS¹ AT THE JOHN FORD
DINNER AND THE PATRIOTICS TRADITION OF JOHN FORD HIMSELF WHO MADE HIS
PICTURES ON AMERICAN SOIL

NATIONAL CONFERENCE OF MOTION PICTURE AND TELEVISION UNIONS CO-
CHAIRMAN ROBERT HYLE BEN LOVELESS 236 WEST 55ST ROOM 718 NEWYORK NY
10019

THE WHITE HOUSE
WASHINGTON

April 12, 1973

TO: DICK MOORE
FROM: WILLIAM J. BAROODY, JR.

For Appropriate Action.

April 11, 1973

TO: BILL BAROODY

FROM: ROBERT W. MILLER 

Bill, the attached request from the National Conference of Motion Picture and Television Unions should probably be handled by somebody in your office rather than ours.

"Attachment

*To Dept. State
for appropriate
action
PB*

Pennington

THE WHITE HOUSE

Date _____

To: *Miller*

From: Peter Flanigan

FYI

For appropriate action

Per your request

Co-Chairmen
ROBERT HYLE
Local 52, IATSE

BEN LOVELESS
Local 399,
Int'l Brotherhood
of Teamsters

National Conference

of

Motion Picture and Television Unions

Treasurer
ANDRIAN J. SHORT, Jr.
Local 209,
8th Vice President, IATSE

Secretary
BARBARA ROBINSON
Local 161, IATSE

236 West 55th Street, Room 710, New York, N.Y. 10019 • 212 - 245-5986 • Sam Robert, Coordinator

April 3, 1973

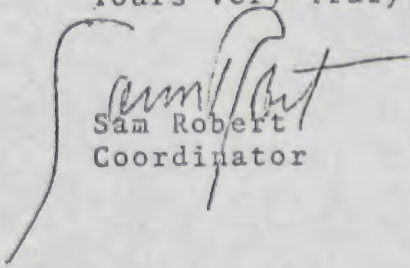
Mr. Peter Flanigan
Special Presidential Assistant
White House
Washington D.C.

Dear Mr. Flanigan:

This is the copy of the text of a telegram sent to President Nixon.

We would appreciate your consideration of the merit and value of our request and ask your assistance in arranging a meeting with the President or someone he would delegate.

Yours Very Truly,


Sam Robert
Coordinator

SR:d1

EXECUTIVE COMMITTEE

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Int'l Brotherhood of Teamsters

MICHAEL WHALEN
Local 6, IATSE

National Conference

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236 West 55th Street, Room 710, New York, N.Y. 10019 • 212 - 245-5986 • Sam Robert, Coordinator

April 3, 1973

President Richard Nixon
White House
Washington, D. C.

National Conference of Motion Picture and Television Unions applaud your stirring words praising the American Motion Picture Industry and its world-wide value to our nation at the John Ford Dinner.

The motion picture industry today and its workers urgently need your help.

We need an executive order to enforce the 1965 Service Act and your support of H.R. 2675 (Goldwater Jr., Jordan and Bell) to open government motion picture and audio-visual work to private American producers and the employment of professional directors, actors, artists and technicians.

We need a Presidential statement to uphold American production suffering from the inordinate number of picture and TV programs produced outside the United States.

We respectfully and urgently request a meeting with you on these matters.

Such a meeting would dramatize to the nation support of the American Motion Picture Industry in the spirit of your words at the John Ford Dinner and the patriotic tradition of John Ford himself who made his pictures on American soil.

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President Richard Nixon
April 3, 1973
Page 2

National Conference of Motion
Picture and Television Unions

Co-Chairman Robert Hyle, Ben Lovelace

SUGGESTED TALKING POINTS

A. Rationale for Executive Interest in Rerun Problem

1. President's letter to John Gavin, September 12, 1972.
2. President is concerned because of increased reruns.
 - a. diminish the amount of diverse programming available to the American public
 - b. threatens the economic health of the American programming industry

B. What has the President Done About Reruns?

1. After President's letter and CTW San Francisco speech, OTP conducted a study of causes and effects of reruns--now completed and forwarded to the President
2. Highlights of Rerun Report
 - a. Causes
 1. principal reason for increased rerun percentages has been increased cost of prime time TV
 2. why have costs increased -- study considered three alternative reasons:
 - competition
 - rivalry
 - cartel
 - a. rivalry hypothesis proved the most plausible -- rivalry of network for ratings, which causes them either directly or indirectly to bid up the fees of the highly popular talent and also increase the other costs that the studios incur.

b. Effect

contributed significantly to the decline of employment in TV program production industry along with:

- prime time access rule
- run-away production
- increased use of feature-length movies and sports on TV

c. Conclusions

1. there are no economic forces at work to halt the trend toward even higher percentages of prime time reruns.
2. networks should exercise voluntary restraints or regulatory restraints should be considered.

C. Networks Have Refused to Consider Adopting Voluntary Restraints

1. In the face of such refusals, OTP urged the FCC -- in a letter to Dean Burch on March 21, 1973 -- to conduct a full inquiry into this matter and consider whatever regulatory remedies may be appropriate in protecting the public interest.
2. However, not entirely clear on what most appropriate regulatory measures should be

D. Also - Recommended to Burch that Prime Time Access Rule Be Changed to allow networks to program on a regular basis in 7:30 -- 8:00 p.m. time period beginning Fall 1974.

PTAR was intended to:

- stimulate new programming and encourage independent sources of program production
- create more program diversity in prime time than networks were doing

PTAR has not accomplished any of these objectives.

E. President Has Also Suggested a Group Representing 15 Federal Agencies, Chaired by OTP, to Look into the Government's Audio-Visual Activities

1. Present governmental policy in audio-visual area -- rely on private enterprise system to supply its needs -- more specifically, present policy indicates that a cost advantage of at least 10% and in some cases 25% -- should be demonstrated before justifying in-house activity.
2. Government audio-visual study looking into implementation of this policy as well as other issues in the field -- including duplication of facilities and production.
3. Preliminary figures show that total federal government spending on all types of audio-visual equipment materials and operations is roughly \$400 million/year
 - a. of this about \$35 million is spent for the production of finished motion picture films, video tapes, film strips, multi-media shows and the like -- the balance is for still photography, scientific and technical photography, processing, distribution, and presentation, and also graphic arts.
4. Most concern to Hollywood and the film industry -- of the \$35 million spent for production, about \$30 million is for motion picture production -- with about \$10 million of that done on contract and \$20 million produced in-house.
5. Audio Visual Study Group is looking at the question of whether the Federal Audio-Visual Policy is being adequately applied with respect to in-house production, processing and distribution activities -- find out whether in-house production costs are high relative to output or whether facilities are centralized.
6. If not, some portion of this in-house work will be shifted to the private sector.

5/14

April 30, 1973

MEMORANDUM FOR MR. WHITEHEAD

From Helen and Eva

Subject: Invitation to address a National Union Assembly and Rally in Washington, May 14.

Messrs. Sam Robert, Robert Hyle, and Ben Loveless have written to express their appreciation for your recommendations to the FCC to cut back reruns and rescind the Prime Time Access Rule and have enclosed a copy of a resolution on the issues adopted at a meeting of the National Conference of Motion Picture and Television Unions held February 21 and 22 at Phoenix.

They have called a National Union Assembly and Rally in Washington on May 14 and 15 to press for the changes you recommend and other measures needed to rescue the entertainment industry from its present plight and have invited you to be their guest speaker at the luncheon on May 14. It will be held at the Capitol Hill Quality Inn and will embrace delegates and officers of all the production unions and guilds (I.A.T.S.E., I.B.E.W., N.A.B.E.T., I.B.T., A.F.T.R.A., S.A.G., etc.). Richard Walsh, I.A.T.S.E. International President, Charles Pillard, I.B.E.W. International President, and Edward Lynch, N.A.B.E.T. International President head the list of union speakers during the conference.

It is expected there will be approximately 200 delegates and officers present.

Brian and Henry recommend that you accept.

cc:	
DO Records	Accept <input checked="" type="checkbox"/>
DO Chron	Regret <input type="checkbox"/>
Mr. Lamb	<input type="checkbox"/>
HCH Chron	Henry <input type="checkbox"/>
HCH Subject	<input type="checkbox"/>
M. McCarthy	Other <input type="checkbox"/>
Eva	<input type="checkbox"/>
✓	

If you show it in America . . . if you sell it in America . . . make it in America

National Conference

of

Motion Picture and Television Unions

Treasurer
ANDRIAN J. SHORT, Jr.
Local 209,
8th Vice President, IATSE

Secretary

Walter Sampson
Local 771 IATSE

Chairmen
ROBERT HYLE
Local 52, IATSE

Chairmen
BEN LOVELESS
Local 399,
Int'l Brotherhood
of Teamsters

36 West 55th Street, Room 710, New York, N.Y. 10019 • 212 - 245-5986 • Sam Robert, Coordinator

April 5, 1973

Clay T. Whitehead
Office of Telecommunications Policy
Washington D.C.

Dear Mr. Whitehead:

We wish to express our appreciation for your recommendation to the Federal Communication Commission to cut back re-runs and rescind the Prime Time Access Rule.

As you know so well from your studies such change would have a double benefit - it would give the public better programming and it would provide employment to the actors, artists, technicians, and craftsmen who are suffering, at present, from extreme unemployment.

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MICHAEL WHALEN

Mr. Clay T. Whitehead
April 5, 1973
Page 2

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Richard Walsh, I.A.T.S.E. International President, Charles Pillard, I.B.E.W. International President, and Edward Lynch, N.A.B.E.T. International President head the list of union speakers.

We hope that it will be possible for you to accept our invitation and take part in this vital limited action whose objectives are so valuable for the cultural good health of America.

Sam Robert
Sam Robert
Coordinator

Respectfully Yours,

Robert M. Hyle

Robert M. Hyle
Co-Chairman

Ben Loveless

Ben Loveless
Co-Chairman

SR:d1


OFFICE OF TELECOMMUNICATIONS POLICY

INFORMATION MEMORANDUM

May 4, 1973

SUBJECT: Overview of Government Audio-Visual Study

TO: Mr. Whitehead

FROM: Charles C. Joyce, Jr. 

BRIEF SUMMARY:

This is the summary of the Audio-Visual Study you asked for.


I hope it covers the points you wanted.

WHY IT IS WORTHWHILE TO READ:

OFFICE OF TELECOMMUNICATIONS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20504

May 4, 1973

MEMORANDUM

FOR: Clay T. Whitehead
FROM: Charles C. Joyce, Jr. 
SUBJECT: Overview of Government Audio-Visual Study

This is in response to your request for a general report on the status of the Audio-Visual Study, and what we expect to find.

Status:

As you know, this is not an OTP study but an inter-agency study. I chair the Steering Group of 15 agency representatives. A working group of about 30 part time government people is surveying all Federal agencies and doing a report for the Steering Group. That report is due to the Steering Group on June 30. I expect about a two week slip beyond that, to July 15. Assuming some controversial recommendations are made, it could take until September 1 to get agency agreement on final recommendations and actions.

Working Groups have completed surveys of 13 agencies. Three survey reports are in, the balance due within a week. DOD and HEW will be surveyed, and reports completed by the end of May.

Overview of the Audio-Visual Field:

The definitive work on the Audio-Visual industry is Hope Reports. The latest (1972) report pegs the industry at \$2 billion in 1971. Of this \$887 million is for productions and supplies. The balance is for equipment, administration and public broadcasting. The lion's share of production is motion pictures -- 73% of the dollar value of all finished production is for "mopix".

Government Audio-Visual Expenditures:

The limits of the Audio-Visual field are hard to define, and the definitional issues affect costs by a factor of 4 or more. We adopted a fairly broad definition comparable to what Goldwater used in estimating DOD costs at 214 million/yr. This includes still & motion picture photography, radio and TV, exhibits, and those graphic arts which are included in combined Audio-Visual organizations. Excluded are satellite and intelligence photography and map-making, and classified R&D.

With this definition, I would put Government Audio-Visual spending at about 400 million/yr.

Breakdown by Agencies

Department of Defense	\$280 M
USIA	80 M
Other Agencies	40 M
	<u>\$400 M</u>

Breakdown by Expenditure Type

In-House Personnel Costs	\$230 M
Contracts	55 M
Supplies & Equipment	115 M
	<u>\$400 M</u>

So we have about \$170 M going to the private sector, \$230 M in-house. This is cash flow, not productions.

Motion Pictures:

Of concern to Hollywood and the film industry is basically the motion picture activity of the Government. Hope Reports estimates 1971 Government expenditures for Mopix at \$66.5 million. My estimate for 1972, on a slightly broader definition, is \$75 million. (I have included film shot and processed for documentary purposes which may not end up in finished productions.)

Mopix Breakdown by Agencies and Contracts

	\$ Million	
	Total	Contract Portion
DOD	45	5
USIA	10	5
Other Agencies	20	8
	<u>75</u>	<u>18</u>

These figures include both production activities and the laboratory processing and copying of films.

My looking at DOD thus far convinces me that costs are high relative to output because facilities are very under-utilized. If all DOD facilities were eliminated, less money would be spent because (1) it wouldn't cost as much to produce what is produced and (2) less would be produced because when the real cost of each film is seen, I believe users will cancel some of their projects.

The above arguments are true to a lesser extent, I believe, in other agencies.

I estimate the maximum potential for additional film production and processing business for the private sector, which would attend a wholesale closing of Government facilities, as follows:

DOD	\$20 M
USIA	3 M
Other	<u>10 M</u>
	\$33

Most or all of this business would go to non-theatrical producers and film laboratories. Little if any would go to unionized studios.

For perspective, Hope estimates the 1971 non-theatrical motion picture market at \$615 million. So this action would constitute about a 5% increase.

Caveats:

1. I can't back up any of the numbers precisely yet. They are rough estimates.
2. I can't promise that it would be possible to get agreement to shut down all Government facilities. The industry has been after DOD for ten years on this point with limited success.

Study Results

I believe that the study results will:

1. Provide a firm basis for the analysis above.
2. Document that the OMB policy on use of the private sector is ignored or incorrectly interpreted by agencies with in-house facilities.
3. Show that many agencies get all their work done out of house with good results.
4. Show that some Government facilities are grossly underutilized and that consolidation or elimination is called for.
5. Highlight the need for improved contracting procedures and possibly a centralized controlling office.
6. Recommend an information system for planned, in progress and completed productions to avoid duplication and increase the utilization of products.
7. May recommend more centralization of the distribution functions in GSA.

I doubt that the study group will identify specific facilities which should be closed, but the work could provide the basis for appropriate follow-up in that regard during the FY 75 budget cycle.

OFFICE OF TELECOMMUNICATIONS POLICY

INFORMATION MEMORANDUM

May 11, 1973
SUBJECT: Talking Points for Speech to Union Group
TO: Mr. Whitehead
FROM: Charles C. Joyce, Jr.

BRIEF SUMMARY:

Per your request.

This is for your speech on Monday, May 14.

WHY IT IS WORTHWHILE TO READ:

OFFICE OF TELECOMMUNICATIONS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20504

May 10, 1973

MEMORANDUM

TO: Mr. Whitehead
FROM: Charles C. Joyce, Jr. *CCJ*
SUBJECT: Talking Points for Union Group

Attached provided per your request today for talking points on the A-V study for your May 14th speech.

You should also be aware of the attached news article. Note that UPI wire announces what is available on these lines.

Attachments

cc: Henry Goldberg

Talking Points on Audio-Visual Study

1. For some years, the Government has had a policy of relying on the private enterprise system to supply its needs. To implement this policy, restrictions are established on the creation or expansion of Government commercial or industrial activities which exceed certain budget thresholds.

2. Exceptions to the policy are permitted for reasons of undue delay, military necessity, or where it can be shown that the use of a commercial source will result in higher cost to the Government. Recognizing the undesirability of Government competition with the private sector, the present policy indicates that a cost advantage of at least 10% should be demonstrated before justifying in-house activity on the basis of cost. The Commission on Government Procurement has recommended that 10% be the minimum required cost advantage, with a range of up to 25% to be considered on a case by case basis.

3. The Administration has requested a group representing 15 Federal agencies, chaired by OTP, to look into the implementation of the present policy in the audio-visual field. The group has been working since November, and expects to complete its work this summer. In addition to the question of in-house production, the group is dealing with other issues in the field, including duplication of facilities and production.

4. Total Federal Government spending on all types of audio-visual equipment materials and operations is roughly \$400 million per year. Of this, about \$35 million is spent for the production of finished motion picture films, video tapes, film strips, multi-media shows and the like. The balance is for still photography, scientific and technical photography, processing, distribution and presentation, and graphic arts.

5. Of the \$35 million spent for production, about \$30 million is for motion picture production; with about \$10 million of that now done on contract and \$20 million produced in-house.

6. The Study Group is looking at the question of whether the Federal policy is being adequately applied with respect to the in-house production, processing and distribution activities in the audio-visual area. If it is not, some portion of the \$20 million of in-house production work will be shifted to the private sector.

Government News Piped to Radios

By
Mike
Causey



News-hungry, low-budget radio stations around the nation are serving listeners increased portions of government supplied and digested news that some of the stations pass off as information gathered from their non-existent Washington news bureaus.

The federal service, called "spot-master," is a blessing to thousands of small-town stations who have dead-air time to fill up. For the price of a long-distance telephone call (at station-to-station rates) they can either tape or use live government news reports on everything from the price of frozen pork bellies to new programs planned for American Indians. Produced and directed by radio-TV sections of federal agencies, the programs, naturally, give the government version of all the news that's fit to hear over

the 368 million radio sets in America.

In some cases agencies have used their radio news services to get in little digs at the "spendthrift" Congress, in much the same way as writing staffs have produced anti-congressional press releases to support the White House budget proposals.

The news reports are professionally written, edited and read by government employees who are at least as good—if not better—than their private industry counterparts, particularly in news-starved small town stations.

The procedure goes like this:

A radio station dials the Washington number supplied by the government and gets a recorded message. It tells topics of the day and in radio jargon, gives the air time. A recent call to the Department of Commerce's radio news service would have netted the radio station three news items for rebroadcast.

The items included the Interior Department reorganization, Indian legislation and an explanation of cuts in the water resources research budget.

Item one, the recorded

voice explained, runs two minutes and two seconds with an "actuality time of 59 seconds," and "optional outs" at 39 seconds when the station could break into the story for a commercial or end it. The news stories change daily, for the convenience of radio stations.

The station could, and many apparently do, use the government-produced news broadcast as its "own live report from Washington" and charge sponsors for the privilege of letting it be aired with their names. The interior number is 342-3121.

Many federal agencies have similar services for radio stations, and the Agriculture Department this week shifted over from one service to four broadcasts suitable for different regions of the country.

"Before it was pot luck," an Agriculture official explained. "A station could call in from Minneapolis and maybe hear a report about boll weevils." The regional telephone wire, he said, should make the news more suitable by localizing crop reporting information.

Agriculture's radio service has a split personality. Most features are geared for farm communities, and stress higher income for farmers. It

also has a consumer service telling radio listeners on ways to avoid those high prices.

While Agriculture sticks to farmer-oriented news, other agencies have been using their radio news services to score points for Mr. Nixon's budget plans—as concerns their operations—and to knock Congress for plans to spend more.

Interior, for example, used the radio news service earlier this year to "explain" White House spending plans. These explanations, as with other government-written, produced and sponsored radio broadcasts, have been passed off by some radio stations as straight news.

"We got the word to lean heavily on the budget stuff," said a career man who asked that his agency not be identified. "A lot of it went on the radio-service telephone, but the program has fizzled lately."

"So far the political boys have left us (the career staff) alone, and not made us write anything that you could call propaganda," the radio man said. "But when they figure the audience that 7,000 radio stations have (the correct figure for AM, FM and Education stations is actually 6,319), you can see them begin to drool."

UPI137

CORRESPONDENTS:

COMMERCE HAS RECORDINGS ON ADVANCE MONTHLY RETAIL SALES AND A NEW CENTER FOR CONSUMER PRODUCT SAFETY ESTABLISHED IN THE NATIONAL BUREAU OF STANDARDS--393-4100.

UPI 05-10 04:10 PED

UPI138

CORRESPONDENTS:

INTERIOR HAS RECORDINGS ON SECRETARY WORTON'S COMMENTS BEFORE THE NATIONAL PETROLEUM COUNCIL AND A WARNING ISSUED FOR BETTER WINE DISPOSAL PRACTICES--343-3121.

UPI 05-10 04:11 PED

UPI139

OFFICE OF TELECOMMUNICATIONS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20504

May 11, 1973

MEMORANDUM FOR MR. WHITEHEAD

From: Helen C. Hall
Subject: Background Information on May 14
National Union Rally

The National Union Rally has been called by the National Conference of Motion Picture and Television Unions to express a need for Congressional legislation to stem the unemployment tide affecting American actors, artists, technicians, and craftsmen.

Major Concerns

- Non-union contracts in U.S.
- Low-standard labor overseas
- FCC Prime Time Ruling
- Too many reruns
- Non-union standards in Federal Government audio-visual contracts

Purpose of the Rally

- To focus attention on these concerns
- To promote Congressional action
- To discuss concerns with members of the Congress and Federal Agencies
- To endorse measures favorable to their needs: (1) the OTP recommendation to cut back reruns and rescind the Prime Time Access Rule; (2) the Burke-Hartke bill to curb competition from foreign labor,

including motion picture and audio-visual production; and, (3) H.R. 62 and 5.151 to enforce provisions of a 1965 Act requiring all government agencies to seek competitive bidding at prevailing union standards on contracts for motion pictures and audio-visual materials.

Tactics

- A 2-day meeting on Capitol Hill at the Capitol Hill Quality Inn (415 New Jersey Avenue, N.W.) of 200 union delegates -- the first such united-front gathering in the entertainment industry.
- Several varied professional and technical meetings addressed by union representatives
- A Monday luncheon in the Rayburn Building where you will speak
- A Tuesday noon parade to the Capitol
- A rally on the west steps of the Capitol after the parade addressed by Senator Vance Hartke, Representatives James Burke, Alphonzo Bell, James C. Corman and Barry Goldwater, Jr.

The National Conference of Motion Picture and Television Unions, which is sponsoring the rally, was founded in September 1972 specifically to foster American union employment in the motion picture and television industries. It is made up of representatives of primarily the Hollywood and New York locals of the following seven unions. All are affiliated with the AFL-CIO except the Teamsters:

Screen Actors Guild (S.A.G.) - founded in 1933; 23,000 members; member of the AFL-CIO

International Alliance of Theatrical Stage Employees and Moving Picture Machine Operators (IATSE) - founded in 1893; 60,000 members; 1000 locals; member of AFL-CIO

National Association of Broadcast Engineers and Technicians (NABET) - 6,147 members; 63 locals; AFL-CIO

International Brotherhood of Painters and Allied Trades (IBPAT) - founded in 1887; 200,000 members; 950 locals; AFL-CIO

International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America (IBT) founded in 1903; 1,830,000 members; 805 locals, independent

American Federation of Television and Radio Artists (AFTRA); 18,000 members; 33 locals; AFL-CIO

*Information from 1972 Encyclopedia of Associations

Co-chairman of the rally are Robert Hyle, business manager of IATSE Local 52, and Ben Loveless, executive secretary of the Teamsters Local 399.

WASHINGTON, D.C. May 14 & 15, 1973

DELEGATES IN ATTENDANCE

NATIONAL CONFERENCE OF MOTION PICTURE AND TELEVISION UNIONS

<u>NAME/TITLE</u>	<u>UNION/LOCAL</u>	<u>CITY/STATE</u>
ASH, RENE L. - PUB. DIR.	I.A.T.S.E.	NEW YORK, N.Y.
BALDWIN, BILL - PRESIDENT	A.F.T.R.A.	HOLLYWOOD, CALIF.
BARNHART, FRANKLIN - BUS. AGT.	LOCAL 33 I.A.T.S.E.	LOS ANGELES, CALIF.
BARONE, SAL - VICE PRESIDENT	LOCAL 15 NABET	NEW YORK, N.Y.
BARREKETTE, OLGA - BUS. AGT.	LOCAL 161 I.A.T.S.E.	NEW YORK, N.Y.
BARRY, JOHN - INT. REP.	3RD DIST. I.B.E.W.	SYRACUSE, N.Y.
BATTERSON, DON - INT. REP.	I.B.E.W.	CINCINNATI, OHIO
BARTLEY, RUSSELL J. - BUS. AGT.	LOCAL 40 I.B.E.W.	HOLLYWOOD, CALIF.
BELLISSIMO, ANTHONY P. - ASST. PRES	I.B.E.W.	WASHINGTON, D.C.
BERNARDUCCI, DON	LOCAL 44 I.A.T.S.E.	HOLLYWOOD, CALIF.
BECKHAM, JOHN - BUS. AGT.	LOCAL 205 I.A.T.S.E.	AUSTIN, TEXAS
BRIANT, FRED - BUS. AGT.	LOCAL 764 I.A.T.S.E.	NEW YORK, N.Y.
BURTT, WM. - INT. REP.	I.B.E.W.	INDIANAPOLIS, IND.
CALLAGHAN, ED - BUS. AGT.	LOCAL 798 I.A.T.S.E.	NEW YORK, N.Y.
CAMBELL, LOYD - EX. BD. MEMBER	LOCAL 11 NABET	NEW YORK, N.Y.
CHAMBERS, JAMES - PRESIDENT	LOCAL 362 I.A.T.S.E.	PASSAIC COUNTY, N.J.
CLORES, ANDY - BUS. AGT.	LOCAL 829 UNITED SC. ART	NEW YORK, N.Y.
COBOURNE, RALPH	LOCAL 228 I.A.T.S.E.	TOLEDO, OHIO
COFFEY, JOHN - BUS. AGT.	LOCAL 695 I.A.T.S.E.	HOLLYWOOD, CALIF.
CONNORS, PAUL - BUS. AGT.	LOCAL 11 I.A.T.S.E.	BOSTON, MASS.
COYTE, HARRY	NABET	WASHINGTON, D.C.
DANIELS, WM. - BUS. AGT.	LOCAL 225 I.A.T.S.E.	ATLANTA, GA.
DEAR, ROBERT - VICE PRESIDENT	LOCAL 38 I.A.T.S.E.	DETROIT, MICHIGAN
D'INZILLO, STEVE - BUS. AGT.	LOCAL 306 I.A.T.S.E.	NEW YORK, N.Y.
DISKIN, WM. - BUS. AGT.	LOCAL 399 I.B.T.	HOLLYWOOD, CALIF.
DOYLE, JAMES - EX. SEC.	AFTRA-SAG	SEATTLE, WASHINGTON
EMERSON, MARTIN J. - EX. BD. MB.	A F M	WASHINGTON, D.C.
ESCOE, ED - INT. REP.	I.A.T.S.E.	DETROIT, MICHIGAN
FAVARA, LOUIS J.	NABET	HOLLYWOOD, CALIF.
FLOYD, HARRY - BUS. AGT.	LOCAL 833 I.A.T.S.E.	BALTIMORE, MD.
FRALEY, LAWRENCE - BUS. REP.	LOCAL 646 I.A.T.S.E.	FT. LAUDERDALE, FLORIDA
FUSON, ROBERT - PRESIDENT	LOCAL 38 I.A.T.S.E.	DETROIT, MICHIGAN
GERASIMIAK, FRED T.	LOCAL B-109 I.A.T.S.E.	TOLEDO, OHIO

GROOT, KEN - EXEC. SECT.	A.F.T.R.A.	NEW YORK, N.Y.
HAGGERTY, DON - BUS. AGT.	LOCAL 683 I.A.T.S.E.	HOLLYWOOD, CALIF.
HOCKENBERRY, HARRY - BUS. AGT.	LOCAL 8 I.A.T.S.E.	PHILADELPHIA, PA.
HOCKENBERRY, JOHN	LOCAL 8 I.A.T.S.E.	PHILADELPHIA, PA.
HOFEN, JOHN F.	LOCAL 52 I.A.T.S.E.	WASHINGTON, D.C.
HOFFMAN, HAROLD - EX. SEC.	S A G	NEW YORK, N.Y.
HORGAN, WM. - BUS. AGT.	LOCAL 644 I.A.T.S.E.	NEW YORK, N.Y.
HOWARD, WM. - PRESIDENT	HOLLYWOOD FILM COUNCIL	HOLLYWOOD, CALIF.
HYLE, ROBERT - BUS. AGT.	LOCAL 52 I.A.T.S.E.	NEW YORK, N.Y.
IROLA, JUDY - PRESIDENT	LOCAL 532 NABET	SAN FRANCISCO, CALIF.
JARRARD, RICHARD - BUS. AGT.	LOCAL 724	HOLLYWOOD, CALIF.
JENNINGS, E.L.	LOCAL 745 I B T	DALLAS, TEXAS
KAIN, JACK - REP.	I.B.E.W.	WASHINGTON, D.C.
KANTER, ABE - BUS. AGT.	LOCAL 829 U S A	NEW YORK, N.Y.
KENT, ARTHUR - PRESIDENT	LOCAL 11 NABET	NEW YORK, N.Y.
KERWIN, HARRY - PRESIDENT	LOCAL 331 NABET	MIAMI, FLORIDA
KRAFT, JACOB - BUS. AGT.	LOCAL 170 I.A.T.S.E.	KANSAS CITY, MO.
KORFF, ARTHUR - DIR. TV.	I.B.E.W.	WASHINGTON, D.C.
KOVACK, GEORGE - PRESIDENT	LOCAL 28 NABET	ERIE, PA.
LEGAN, E.J.	I.B.E.W.	WASHINGTON, D.C.
LIGGETT, THOMAS D. - BUS. AGT.	LOCAL 228 I.A.T.S.E.	TOLEDO, OHIO
LINKOFF, HOWARD - BUS. AGT.	LOCAL 15 NABET	NEW YORK, N.Y.
LOLLI, DOMINIC - VICE PRESIDENT	LOCAL 4 NABET	PLAINFIELD, OHIO
LOVELESS, BEN - SEC. TREAS.	LOCAL 399 I B T	HOLLYWOOD, CALIF.
LUISI, ANTHONY - SEC. TRE.	LOCAL 16 NABET	NEW YORK, N.Y.
LYNCH, EDWARD - INT. PRESIDENT	N A B E T	WASHINGTON, D.C.
MAC KINNON, DON	LOCAL 110 I.A.T.S.E.	CHICAGO, ILL.
MAGDICH, GEORGE - INT. REP.	I.B.E.W.	DECATUR, GA.
MAHER, GEORGE	N A B E T	WASHINGTON, D.C.
MANNING, GUS	LOCAL 25 I B T	CHARLESTON, MASS.
MATTHEWS, GENE - PRESIDENT	LOCAL 833 I.A.T.S.E.	BALTIMORE, MD.
MC CARTHY, THOMAS	LOCAL 776 I.A.T.S.E.	HOLLYWOOD, CALIF.
MC GUIRE, JOHN - ASST. EX. SEC.	S A G	NEW YORK, N.Y.
MELLI, ART - BUS. AGT.	LOCAL 728 I.A.T.S.E.	HOLLYWOOD, CALIF.
MILLER, DONALD - BUS. AGT.	LOCAL 181 I.A.T.S.E.	BALTIMORE, MD.
MOONEY, PETER - VP	FILM PRODUCERS ASSOC.	NEW YORK, N.Y.

OLSEN, MILT - BUS. AGT.	LOCAL 44 I.A.T.S.E.	HOLLYWOOD, CALIF.
PECORARO, JOHN - DIR. DEPT. LEGIS.	I.B.P.A.T.	WASHINGTON, D.C.
PECKHAM, RALPH - BUS. AGT.	LOCAL 729 I.A.T.S.E.	HOLLYWOOD, CALIF.
PETERS, RICHARD - BUS. AGT.	LOCAL 80 I.A.T.S.E.	HOLLYWOOD, CALIF.
POSNER, HAROLD - PRESIDENT	LOCAL 644 I.A.T.S.E.	NEW YORK, N.Y.
PROSCIA, MIKE - PRESIDENT	LOCAL 52 I.A.T.S.E.	NEW YORK, N.Y.
RACINE, DONALD		CHICAGO, ILL.
RISHER, FRED - PRESIDENT	LOCAL 31 NABET	SILVER SPRINGS, MD.
ROBERT, SAM - COORDINATOR	NAT. CONF. MP & TV UN.	NEW YORK, N.Y.
RUGEN, NORMAN - BUS. AGT.	LOCAL 1220 I.B.E.W.	CHICAGO, ILL.
RYAN, PATRICK - GEN. SEC. TREAS.	I.A.T.S.E.	NEW YORK, N.Y.
SAMPSON, WALTER - BUS. AGT.	LOCAL 771 I.A.T.S.E.	NEW YORK, N.Y.
SANFORD, LEONARD - BUS. AGT.	LOCAL 224 I.A.T.S.E.	WASHINGTON, D.C.
SECORD, GEORGE - BUS. AGT.	LOCAL 76 I.A.T.S.E.	SAN ANTONIO, TEXAS
SMITH, GERALD - BUS. AGT.	LOCAL 659 I.A.T.S.E.	HOLLYWOOD, CALIF.
STEGE, PATRICK	LOCAL 110 I.A.T.S.E.	CHICAGO, ILL.
SWEENEY, MICHAEL J. - SECT.	LOCAL 8 I.A.T.S.E.	PHILADELPHIA, PA.
TITTLE, JAMES - BUS. AGT.	LOCAL 902 I.A.T.S.E.	JOHNSTOWN, PA.
WALSH, RICHARD - INT. PRESIDENT	I.A.T.S.E.	NEW YORK, N.Y.
WEAVER, DICK - SEC. TREAS.	ASSOC. THEATRICAL PRESS	NEW YORK, N.Y.
WEINTRAUB, ROBERT - SEC. TREAS.	LOCAL 11 NABET	NEW YORK, N.Y.
WHELAN, MIKE - BUS. AGT.	LOCAL 6 I.A.T.S.E.	ST. LOUIS, MO.
WILSON, WARREN - BUS. AGT.	LOCAL 38 I.A.T.S.E.	DETROIT, MICHIGAN
WOLLNER, ANTHONY - EX. SEC.	LOCAL 776 I.A.T.S.E.	HOLLYWOOD, CALIF.
WROBEL, ALVIN - SEC. TREAS.	LOCAL 110 I.A.T.S.E.	CHICAGO, ILL.
WYLIE, ROBERT -	LOCAL 131 I.B.E.W.	KALAMAZOO, MICHIGAN
WYNN, JOHN - PRESIDENT	LOCAL 8 I.A.T.S.E.	PHILADELPHIA, PA.
ZACK, DICK - INT. REP.	LOCAL 829 U S A	NEW YORK, N.Y.

Friday 5/11/73

SPEECH

5/14/73

12:00

2:00 Your address to the National Union Assembly and Rally luncheon on Monday, May 14, will be at the end of the luncheon, which starts at 12:00 in Room B339 of the Rayburn Building.