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September 11, 1980

*Judy
Keep this
where you
can get to
it.*

Dear Judy:

I never did have an opportunity to talk with Tom about the material that you'd requested when he was here. I was out of the office for a few days and I don't think he ever made it in anyway.

In any case, I am sending on a copy for you to look at just in case he still would like to have it. Please forgive the delay.

*Tom -
Material went
to Marlene Cohen.
Leslie*

CableVision



Clay T. Whitehead—
Looks back at the Nixon years
Looks forward to the Carter years
Page 36

THE



'... (Carter) has not shown any willingness to be involved or aware of the importance of communication policy issues in the future of the country.'

CV: What are you doing now, Tom, and where are you living?

Whitehead: I'm living in Los Angeles and I am the president of my own company, Allison Technical Services, which is engaged in a number of lines of research and commercial sales in the area of emergency medical systems and pre-hospital care, consulting and training. We are also developing and expanding a program of consulting for large technology-based companies to try to help their top management better deal with public policy and immediate issues in their long range planning.

CV: How long have you had this company?

Whitehead: For about 9 or 10 months.

CV: And where is it based?

Whitehead: Santa Monica, California. We are also starting a company that will be involved in the recreation business, and I think it will be a very interesting line.

CV: What do you think of the Carter Administration and communications thus far?

Whitehead: Well, President Carter has shown me that he is a very effective communicator to the American people—during his campaign and particularly since he has been president. He has shown a great deal of sensitivity to the kinds of communication

the American public wants and needs from a president.

To be sure, most of the communication has been symbolic, but that's perfectly appropriate. At the beginning of the Ford presidency, where I was rather deeply involved in the planning of the transition from Nixon to Ford, we put tremendous emphasis on communication of the symbolic nature, because, at the heart of it, the democracy is held together by certain commonly shared symbols. So I give Mr. Carter very high marks in his communication with the public through the media.

One can only hope that the substance of policy will follow in this communication, but he needs the time to get his communication organized and to learn how the town works.

On the policy side of communication, I will confess to some concern. Mr. Carter has stated very openly a willingness to be involved in expressing his views about the content of the media, including television, which is regulated by the government; I think that is perfectly appropriate. However, he has not shown any willingness to be involved in expressing his views about the content of the media, including television, which is regulated by the government; I think that is perfectly appropriate. However, he has not shown any willingness to be involved or aware of the

WHITEHEAD YEARS

On April 18, 1972, Clay T. Whitehead, who at that time was the director of the Office of Telecommunications Policy in the executive office of the President, delivered a speech in Indianapolis, Indiana. That address catapulted Whitehead and his office into the public consciousness. The address dealt with, among other things, the relationship between local broadcasters and the parent network. Phrases like "elitist gossip" were seized upon by the national press as representative of the Nixon administration's bias against the news media. But Whitehead believed that phrase and others in the speech were only "buzz words" and did not reflect OTP's efforts to grapple seriously with national communications policy.

Under the Whitehead direction, OTP authored a number of communications policy proposals—both legislative and regulatory—perhaps not the least of which was the Report to the President by the Cabinet Committee on Cable Communications in 1974. It was that report which launched a discussion of the future merits of the cable television industry.

After an absence of nearly three years from the national scene, Whitehead speaks frankly about the Nixon years and offers some insight regarding the direction and shape of a Carter administration communications policy.

importance of communications policy issues in the future of the country. He does not seem to be dealing in a very deliberate or considerate way with communications policy issues, including his decisions about the Office of Telecommunications Policy and appointments to the FCC. In particular, his staff has shown a considerable naivete about the importance of separating in the executive branch the responsibilities of the president's media spokesman from the responsibilities of the administration to speak on regulatory and communications policy.

CV: Looking back at your experience as the director of OTP, what advice would you have for the Carter Administration regarding the future of that office? And, would you change the way the Office of Telecommunications Policy was set up under your directorship?

Whitehead: Well, I have some views of my own about how the executive branch might be reorganized to better deal with telecommunications policy issues. I think the most important point is that kind of reorganization should be done in the context of a broader reorganization of the entire executive branch over the period of the next several years, as Mr. Carter has indicated he wants to do. It should not be done in the heat of the first 100 days

of the administration where political motivations run high, and where the full complexity of the communications aspects for the federal government and the full responsibilities of OTP are not understood by the new administration. In my view, Mr. Carter would be well advised to appoint a very capable and very solid OTP director with whom he felt politically compatible. This person would serve as the spokesman for the executive branch on communications policy matters and would insure the separation for reasons of the First Amendment the office of White House press secretary and the communications policy making process.

CV: Would you like to see the office continue as part of the Executive Office of the President?

Whitehead: I don't view that as terribly important if one takes a larger perspective of reorganization. Certainly when I first was involved in communications policy, it didn't make much sense to me for OTP to be in the executive office. The important point is that the director is responsible for communications policy and absolutely has to report directly to the president.

This is important for two reasons: One, as I alluded to earlier, the person who is responsible for communications policy and who speaks for the administration on such matters, has to have

equal access to the president, as do the political people and the press secretary of the White House. Secondly, the coordination of the communications expenditures in the federal government—and I often like to point out, and no one bothered to report, run in the vicinity of \$10 billion a year—constitute a number of exceedingly sensitive issues of privacy and civilian control of the military that are involved in the job of communications coordination in the executive branch. In my view, those responsibilities can be exercised responsibly only by somebody who reports directly to the president. So, while I would be willing to consider for the longer run some kind of a non-cabinet agency outside the executive office, I think that in the short run there is no responsible alternative that Mr. Carter has than to name somebody to be the director of OTP.

CV: How much of your thinking on the future of the Office of Telecommunications Policy is tied to your own personal desire to perpetuate or to salvage your five year involvement as one who established the office in the first place?

Whitehead: I don't think I have any vested interest in that. I have chosen to make my career almost completely apart from the communications world from here on out. So I certainly have nothing to gain personally, one way or the other, as to whether or not OTP continues to exist as a formal entity. And furthermore, I think that my contributions to communications policy will be remembered for their substantive content rather than whether or not OTP continues to exist. It's simply that I came to feel very strongly, and still do feel very strongly, that the effective control of the Federal Communications Commission, with its very heavy behind-the-scenes influence from industry and congressional committees, is very dependent on the executive branch being able to speak out thoroughly and articulately on policy alternatives.

It seems to me that it would be a real shame and would be quite an anomaly if the president of the United States and the resources of the executive branch of the government were not able to be heard when speaking on behalf of the public in formulating communication policies. And as we look at the tremendous monopoly character of the communications industry today, it seems to me even more important that the executive branch be allowed to have a strong, articulate voice in communications policy development. That can only be done if there is an organization answerable directly to the president with some expertise and some responsibility.

'I wouldn't make it (the Indianapolis speech) today, because I now know much more by virtue of the White House tapes and the Watergate hearings what was going on in the inner circle of the White House.'

CV: Do you feel you got a bad deal from the press as to what you were trying to do when you were director of OTP?

Whitehead: Well, bad deal is a very motive expression. I don't know that I can really answer that question even today. Certainly anybody in the government who tries to be objective and tries to change the status quo is going to incur the wrath of the industries that he is dealing with. Reporters are part of the media industry,

which is a part of the communications industry in this country, and it certainly isn't possible for anybody with communications policy responsibilities to avoid completely having the press suspicious and sometimes angry. I guess that with a few years of mellowing, I really feel that the problems that I had with the press were based on two things, and not the elitist gossip that I referred to that is so popular. Rather, number one, the general press, as opposed to the communications trade press, simply did not understand the substantial and important underlying issues of communications policy; and secondly, shortly after the Indianapolis speech, it had become very clear that Watergate was going to dominate the political scene. So anybody connected with the Nixon Administration was not only suspect, but essentially ineffective and lacking in credibility in dealing with the press.

We, as you know, had a number of plans for the development of communications policy initiatives in the second term of the Nixon Administration. I think if we had been allowed to play that out apart from Watergate, that things might have been substantially different. But I have been around the track long enough now to know that's speculative.

CV: Given what you know now, would you make that Indianapolis speech today?

Whitehead: I wouldn't make it today, because I now know much more by virtue of the White House tapes and the Watergate hearings what was going on in the inner circle of the White House. At the time of the Indianapolis speech, at the time of the debates within the administration over public television, it was certainly not known to the press generally that my biggest fights were with the White House staff and the president—not with the communications industry or the press. I think that the nature of the battles I was having with the White House really came out for the first and only time, when Mr. Nixon and I had our public debate or argument on the front page of the *New York Times* in the summer of 1974, which provoked my resignation.

CV: Expand on that for those who don't remember.

Whitehead: It was the debate regarding the conditions the administration would recommend for long-term financing for public television. I had taken the position within the administration, and externally on behalf of the administration, that long-term funding made sense without the opportunity for frequent congressional review—only if there were checks and balances within the public broadcast system that came about by virtue of the local stations having some kind of effective partnership with the Corporation for Public Broadcasting. Once the local stations were organized and began to have an effective say in the use of funds and in the programming for public television, I agreed that I would support the long-range funding bill. I did so only to find that Mr. Nixon pulled the rug out from under my feet and refused to let me expose that bill on behalf of the administration. It was at that point I found it necessary to make the nature of that dispute between me and the White House public. And following the public hearing of the developments, Mr. Nixon changed his mind and agreed to give administration support to the long-range funding of public television.

It's ironic in retrospect that the Congress of the United States was the institution that refused to go along with long-range funding, once both the administration and public television industry had agreed.

CV: What do you think of Richard Nixon today?

Whitehead: I don't know that I've made up my mind. Richard Nixon came into office at a time when the Kennedy-Johnson style of liberalism, which believed that all social problems could be solved by the benevolence of the government—mainly by spending a lot of money—needed to be replaced by something else, because it was simply not working, and it was running amuck. I think Mr. Nixon will probably be remembered for someone who read the political situation in this country very astutely and then, by virtue of his own political opportunism and his fundamental inability to deal with the Watergate situation,

really muffed a historic opportunity to change the political directions of the country into more constructive directions.

A lot of the things that Mr. Carter is saying are very much the things that Mr. Nixon was saying, and my beliefs and my commitments are to a lot of those principles. So, if it turns out that it's Mr. Carter who brings some life into a new political direction for the country rather than Mr. Nixon, I think that's just fine. But I think Mr. Nixon will be viewed as basically a guy who blew an opportunity and caused the country a lot of grief.

CV: Did Nixon understand or care anything about communications policy development?



Whitehead: Nixon understood and cared about it more than anybody on his White House staff. I was constantly fighting the staff—almost everyone over there it used to seem to me. But whenever I provoked or forced an issue to the president, I won with the exception of the public broadcasting situation, which we just talked about, and there I won it too, but in a way that required me to resign from the administration.

Mr. Nixon was, as everyone knows, a bright and astute observer of the international scene. He, in private, would frequently refer to the sad state of nationally controlled television around the country. He believed in competition in the media, as well as in business generally. When faced squarely with the policy issues, he would come down on the side of less governmental control over the media, at least in part for principle, and in part because he realized very explicitly that governmental controls over the media would be used much more effectively by a liberal president who followed him in office, than could be done by him or a conservative. So yes, I think he did understand it.

On the other hand, he seemed to have almost schizophrenic personality on the subject, in that he was far from immune in using

the power of his office, as we have found out now, to seek retribution for adverse coverage against the media. That instinct, I suspect, is natural in any politician, and the media knows many congressmen who have attempted to use their lawmaking power to achieve better coverage for themselves. The alliance between politicians and their local television stations for mutual benefit is well known. And in those matters, I think Mr. Nixon was no better and no worse than any other office holder.

CV: How much of what you did in terms of developing policy was directly related to a desire on the part of you and/or the

'James Reston of the *New York Times* once remarked to me that all the people he'd ever met in the cable television field reminded him of small town used car dealers.'

president and his aides to punish the existing communications media for not covering the Nixon Administration in a way that was favorable to it.

Whitehead: Well, you are bringing up the arena where I have most of my difficulties with the White House staff. There was a very uneasy kind of alliance between the director of OTP and the inner circle of White House advisors. Many of the White House staff people would take presidential expressions of displeasure with the media and look for ways to lash out at or punish the media. Conversely, they would often times seek to do favors for their friends in the media—a practice I view at least as bad as the punishment approach, because it is more pernicious, and it is never complained about by the media.

We at OTP were developing policies that called for more competition, more freedom of entry in the communications field, more choice for the television viewer, more choice for the radio listener, and so forth. To the extent that those pro-competition, anti-monopoly policies came out harmful to the television networks, I found that the White House staff was frequently rather benign in terms of what interference they caused me; so, in that sense, there was an uneasy kind of alliance.

We did have some common interest in policy outcomes even though our motivations were different. However, there were a number of occasions when the White House staff would ask OTP to do things that we felt were improper or contrary to the law regarding the FCC or public television. And in those instances, we simply informed them that what they wanted to do was against the law, and that usually stopped them, or at least stopped them from getting us to do it.

CV: Assume for a minute that your motives were moral and forthright, and that you set out in 1970 to develop the Office of Telecommunications Policy into an institution that would promote diversity, choice and more opportunities for the American people to communicate with one another. Looking back at the last seven years, do you feel that your efforts have brought about any change in communications in this country?

Whitehead: It's very hard to identify changes of the magnitude you are talking about and trace them to any one person. Certainly changes in the communications industry and even in federal communications policy are the product of the Congress, the executive branch, and the FCC. So it would be presumptuous of me to claim direct credit for very much.

Nonetheless, I feel, for example in the area of communications satellites, that the current competitive situation, the innovations and technology and the cost that we see, do trace rather directly to the initiatives I took in 1969 and 1970 to encourage the Commission to adopt an open entry, so-called open skies policy for communications satellites, and thereafter in common carriers

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'There is, by the way, a natural alliance between the entertainment industry and the news business and cable.'

generally. I would like to think that a number of the other ideas about more flexible use of the electro-magnetic spectrum, the separations policy for cable television, the idea of competition in television programming, the idea of more consumer choice in common carrier communications matters, are things in which I played a significant role. It's, frankly, a nice feeling to see some of it happening.

CV: Do you feel the cable industry has done its part in developing into a separate medium of its own?

Whitehead: No. I think, if anything, the cable television industry is its own worst enemy.

CV: Would you like to expand on that?

Whitehead: James Reston of the New York Times once remarked to me that all the people he'd ever met in the cable television field reminded him of small town used car dealers. And for that reason, he felt cable television should be restrained by the federal government in favor of the television networks, which were presumably, in his view, more urbane and more responsible.

I don't particularly have a great deal of respect for Mr. Reston's incisive penning, but certainly most of the people in the cable television industry have handled themselves very poorly. They have presented an image not too far from the truth, in many cases, of seeking the maximum amount of short-term profit—and public responsibility be damned and future industry development be damned.

Now, I certainly understand the problems of infant industries and I believe that cable could be killed by saddling it with too

many public service requirements. But nonetheless, I have to share the attitude of most general observers outside the cable field that the cable industry has shown a singular lack of awareness of the broader social and political implications and responsibilities that cable technology will bring to this country. It's in that sense that I think they have been their own worst enemy.

CV: Can you be more specific as to what you would think the cable industry should do in order to show that they are also interested in the public interest, particularly when you go back to your earlier statement about the FCC making it rather difficult for cable to grow because of over-regulation—isn't there a chicken and egg problem here?

Whitehead: Well, there certainly is. I'm not saying that it's all one-sided. Even if the cable industry behaved as the model of enlightenment, they would have some very powerful forces in the broadcast industry arrayed against them in FCC forums, making the growth of cable in the country a difficult process at best. All I am saying is that they haven't helped themselves.

For example, the use of public access channels, the open leasing of channels to a variety of people, the endorsement of separations principle for the longer run, making available channels at low cost to public interest groups—there are many things that cable could have done. The NCTA could have launched a much more effective campaign to educate the press and the Congress about the potential for cable.

CV: What would you say if the Congress in its effort to rewrite the Communications Act, decided that the telephone company should be allowed to offer the same broadband services that the cable industry now offers, taking into account the advent of optical fibers and advanced technology?

Whitehead: I'd say that would be a very bad development. As much as I would like to see broadbanded local distribution through cable, or laser links, I would really hate to see that happen through the vehicle of the phone company. AT&T is already too large and too powerful, both economically and politically. Under Chairman deButts Ma Bell has reversed its policy of trying to co-exist with competition, and is now seeking a total monopoly of all common carrier telecommunications services, including the devices that you and I are allowed to attach to the ends of our telephone lines. And even though I am a Republican and pro-business in philosophy, I simply can't swallow that; that is not in the public interest; it is not in the consumers' interest; it's not in the national interest.


Certainly I do believe that the broadband business ought to develop as a common carrier, but it ought to develop as a separate common carrier system from the phone company.

CV: Is the cable industry a place for that to happen?

Whitehead: If you eliminate the phone company and you eliminate the cable industry, you very quickly run out of alternatives. I think that the cable industry is the logical place if they could be shrewd enough and farsighted enough to see that was in their best interest.


Unfortunately, you have too many cable operators who are seeking short-term profits through any and all devices that they can muster, and it's going to take some time for cable to grow, so that there's a consolidation of cable companies; so that a few of these companies will begin to perceive that as large permanent, national corporate citizens, they have some interest in the responsible development of broadband communications policy in the direction of separations. I hope that day is approaching.

CV: The cabinet committee report which you chaired said the cable industry should eventually be governed by a separations



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'AT&T is already too large and too powerful both economically and politically . . . and is now seeking a total monopoly of all common carrier telecommunications services . . .'

policy that would allow the industry, as it exists today, to have possibly as many as two channels to program on their own. Do you still feel that way?

Whitehead: Sure. It's very easy to demagogue that issue, but I don't believe that two channels are a violation of the separations policy. The debate at the time of the cabinet committee report was whether or not the cable industry should have separations at all. Or, if they did have it, whether they should not be allowed to have some percentage, such as 25 or 50 percent of the channels that they could program for themselves. Now a fixed percentage of any magnitude is not separations.

On the other hand, two channels or one channel, or three channels, is going to be a very, very small fraction of the total number of channels that cable television will make available into the home, particularly as the fiber optics from the laser links become a part of the cable. And the motivation of the cable companies will be to encourage more use of their channels by more people. The opportunity for them to abuse their franchise or the public interest through some exploitive use of one or two channels, seems to me, simply incomprehensible if we're talking about 100 or more channels. Moreover, if we are to regulate cable so that it is allowed to have only 25 channels or 30 channels, or what have you, maybe then it's more of a problem. The footnote in the report referring to the two channels was not a cop-out for political mileage purposes as some people tried to portray. It was simply a recognition on our part that we weren't omniscient. While we believed firmly in the separations principle, we could see the possibility that it would be in the public interest for a cable operator to program one or two channels of his own. For example, what on earth would be wrong with the cable system offering an index on one channel of all the programs that are available on all the other channels? We're on a cable now where I live, and we have one channel on the cable that's reserved as an index to what's on all the other channels.

I think that seems perfectly appropriate, and so the footnote was merely a recognition of the fact that we were not omniscient rather than any lack of belief in the importance of the separations principle.

CV: Isn't there some credit to be given to the cable industry for taking the satellite technology and developing a rather

'Did Nixon understand or care anything about communications policy development?'

extensive nationwide network for pay-programming? Isn't that what you would call a forward thinking and positive move?

Whitehead: Yes, it is. I think that's a very healthy development. I just wish that more of that kind of impetus could have come directly from the cable industry itself, rather than from the entertainment industry. I wish some of those people had been around when we were trying to establish the separations policy and show how the separations policy would make possible more of that kind of program.

There is, by the way, a natural alliance between the entertainment industry and the news business and cable. The recent furor over whether the networks were going to an hour for news illustrates the rather intense limitations of constraint that are imposed on our national television programming by

advertiser-supported network television. With cable growing as a common carrier under the separations principle, there are many more channels, much more time available for the editors of *Time* magazine, for the editors of *Fortune* magazine, for editors of *Saturday Review*, or television program producers, for zone producers, for young film makers, to come up with all kinds of new outlets for their product. Certainly it would be very interesting to see what the heads of the three television news departments could do with the tremendous overhead that they bear if they were allowed to program without limit on several channels at any time of the day over cable. I think they would find themselves unleashed and invigorated by the possibilities.

In short, the journalistic community ought to love cable, because it means more outlets. And the cable industry ought to recognize that there's a natural alliance here.

CV: Do you have any hope that the Communications Act rewrite project will eventually come to pass.

Whitehead: Yes, I have some hope. I have the highest respect for Chairman Van Deerlin. I have dealt with him for many years before he was chairman of the subcommittee, and I think that he and Chip Shooshane have the intention and the ability to get the act rewritten. I would hope the Senate would make some progress and that the FCC, with some good appointments by Mr. Carter, would be willing to participate in the rewrite in a constructive way, rather than in the classical way of regulatory agencies of simply opting for the status quo. Certainly it has to come. □

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How Nixon administration plans to cut TV networks down to size

Whitehead, in frank interview, tells of calculated policy to encourage cable-TV growth as alternative to 'network power'

In all the confusion and controversy that Clay T. Whitehead stirred up with his speech in Indianapolis on Dec. 18, one point appears to have been overlooked: The attack on the networks for alleged news bias and the criticism of network affiliates for their alleged shirking of responsibility for the network programming they air, though significant in their own terms, are only part of a pattern of administration concern over network "dominance." The concern extends well beyond the political views of commentators—whom administration spokesmen have called elite gossips—and is a factor in a determination to foster the growth of competing technologies as a means of checking that "dominance."

There may be a coincidence of politics and ideology in the policy that Mr. Whitehead is expressing. It would, for instance, be hard to picture so political an individual as White House aide Charles Colson forecasting with evident satisfaction the dissolution of network "power," if not of the networks themselves (BROADCASTING, Feb. 5, Jan. 22), if he felt the thinking of the networks' political commentators were in tune with the administration's.

But to Mr. Whitehead, the "political inclinations" of network reporters are only one aspect of the problem, though an important one. The issue of prime-time reruns is another, he said in an interview last week. So is the prime-time-access rule. So, too, are drug advertising and children's television programming and cable television.

"You try to deal with each problem on its merits," he said, "and you come up with the conclusion that each is hung up on network power"—on the fact that "there are only three companies that dominate network television in this country." The conclusion, he feels, is the same whether the problem is viewed from the point of view of a liberal or conservative.



OTP Director Whitehead and Broadcasting senior correspondent Leonard

OTP's function, in Mr. Whitehead's view, is to examine all problems that are related and to propose an over-all solution. And the fundamental problem regarding the networks, as Mr. Whitehead sees it, is not simply that they are dominant but that their dominance invites government intervention. His answer—competition (though not the kind to be provided by a government-subsidized noncommercial network. Mr. Whitehead, who was the administration's spokesman in opposing the development of a strong noncommercial network, complete with public-affairs programming, said: "The people shouldn't come to the government for a program service. You would have the fall program schedule debated in Congress every year, like the budget.")

It is the total concept that engages Mr. Whitehead's mind. "We will be making fundamental decisions about the future of communications," he said. "The basic one is whether we are going to have a monopoly system controlled by government, or a competitive system, with each element trying to figure out what the viewer wants, without being obliged to run to Washington—or to New York—to find out if the desired service can be provided.

"If you opt for a limited system and let the networks continue to acquire power, then the only recourse is to look to the government as a source of countervailing power," he added. "And I don't see how the viewer can be the winner when those forces collide."

Unlike Mr. Colson, Mr. does not see the "breakup" works flowing from the policy. "They need not go bust," he potential for more program audience and new advertising present. Indeed "they can even few bucks as the pie gets said. "Monopolists get into it they insist on keeping the pie they can control it."

Mr. Whitehead has no n But he feels the government the structure in which such will flourish. And, indeed, th in his view, is being provided "competitive entry" domestic cations-satellite policy, influ design by OTP and permit all those technically and finan fied to go into the business.

"A guy with programming rent a transponder on a do lite, hire earth stations in communities with more th vision stations, and sell his to the independents—or to affiliates that prefer his pr that offered by the network (Satellite interconnection r pected to be substantially lo present terrestrial rates.) ment of choice, Mr. Wh would help affiliates exercise responsibility and independ works that he had called f dianapolis speech, when he filiates for passing the buck t

in matters as commercials, violent programming and—most important—news. A fourth or fifth network, he said, would help advertisers who have been denied access to network television because of the cost.

As for cable television, Mr. Whitehead says it is "the biggest potential source of diversity" because there is virtually no limit to the channel capacity that can be put into a system. He recites the advantages CATV's backers have long claimed for cable—its potential for programming of limited appeal, such as ballet, to those willing to pay special charges, and for the carriage of programming that would be sponsored by advertisers seeking specialized, not mass, audiences.

Going beyond the hypothetical to the real is the proposal of Hughes Aircraft Co. to use the domestic satellite system it is planning to build for cable-television communication service. Hughes has said it will make up to eight channels available for the distribution of material from cable-television systems' head-ends.)

Mr. Whitehead said cable television has not thrived thus far because of "network dominance"—the power he feels the networks can bring to bear at the FCC and in Congress—and because the commission, as protective, he said, as all regulatory agencies are of the industries they regulate, "has frozen the growth of cable." However, he conceded that the FCC's decision last year to unfreeze that growth was somewhat.

The high-level administration committee that Mr. Whitehead heads and that has been at work for 19 months developing long-range proposals for the development of cable television is expected to submit its report to the President this month, Mr. Whitehead said. Its recommendations, he said, are designed to promote the growth of cable "alongside broadcasting in a manner fair to both." It contains proposals to guard against the use of monopoly power by cable systems, to assure access to the medium and provide for a "mixed system of fund-raising and program costs"—one that would make specialized programming available to those willing to pay for it (BROADCASTING, Nov. 20, 1972).

How soon will the government's efforts to provide more diversity bear fruit? "Properly structured," Mr. Whitehead said, "cable will provide significant impact by 1980." Half the homes in the country should be wired by then, Mr. Whitehead thinks, and cable can be expected to grow as television broadcasting did in the fifties.

Meanwhile, in Mr. Whitehead's view, "laboratories will continue to develop new means of transporting sound and pictures, as the boom in communications technology continues. 'Why on earth could we stop it?' Mr. Whitehead asked. Mr. Whitehead's concern with regulatory policies that involve government in program regulation is not new. In December 1970, in his first speech on broadcasting after becoming OTP director, he was critical of the FCC's fairness doctrine and suggested that solutions might be found in the area of

access to the media. "Failure to resolve the access issue is what is driving the government to determinations of fairness in the presentation of ideas rather than fairness in the conditions of their exchange," he said. (He later proposed abandonment of the doctrine, but retreated from that position when, in drafting the administration's license-renewal bill, he included adherence to the doctrine as one of the criteria for judging a renewal applicant's performance.)

It was not until last September that he began talking publicly of the need for new commercial networks as a long-term solution to some of the regulatory problems facing the government. In the speech in which he disclosed that President Nixon had entered the rerun issue on the side of the Hollywood craft unions and had asked him to find a way of reducing the number of reruns that networks broadcast in prime time, Mr. Whitehead said that issue and the problem that the prime-time-access rule is designed to solve are part of the larger problem involved in the need for more program diversity and more program choices for viewers (BROADCASTING, Sept. 18, 1972).

"In many ways," he said then, "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."

OTP's concern with long-range solutions to interrelated problems does not free the agency from the need to find answers to individual problems as they develop. And Mr. Whitehead's feelings regarding the rerun question are instructive.

The President had asked him to obtain

the networks' cooperation in dealing with the problem, if possible, before considering government action. Asked the chances of a voluntary solution, Mr. Whitehead said it was not likely. The networks' attitude, he said, "reflected arrogance at best."

He did not know whether he would submit recommendations for action along with OTP's report on the rerun question (BROADCASTING, Feb. 5), which is to go to the President this week. But he said the rerun problem is getting worse each year and is within the power of the networks to control. One suggestion he said he had mentioned to FCC officials would curl the hair of antiregulators: License the networks, and limit them to a certain number of reruns each year.

Mr. Whitehead said he did not know the commission officials' reaction, but said they are sympathetic to the idea of some action being taken. (Aides say he does not endorse the idea himself, but his mentioning it may at least indicate a frame of mind.)

As for the prime-time rule, which bars affiliates from taking more than three hours a night of network programming in prime time and was designed to promote diversity in programming, that has been "an abysmal failure," in the sense that it has hurt the interest of the viewer and advertiser it was supposed to help, according to Mr. Whitehead. However, the commission, which is reconsidering the rule, faces a dilemma, he feels, since the problem the rule was designed to solve remains. Mr. Whitehead indicated OTP had no suggestions to offer. "Yes," he said, in response to a question, "we send them our sympathy."

Although he had no ideas of his own, he considered worth mentioning a suggestion made by Hollywood producers at a meeting he had with them last month; and again, it indicated a frame of mind, if not a policy proposal he was considering: Call the networks utilities, and let



On the TV circuit. Charles Colson, the presidential assistant who is frequently credited with a role in mapping the administration's attacks on the media, says the media have it all wrong in accusing the administration of attempting to intimidate them. It's just that the present administration is very "frank" and "forthcoming" in discussing its differences with the media, Mr. Colson said in an interview with Bill Monroe on NBC's *Today Show* last Thursday (Feb. 8). But such a public airing of differences is not intimidation, he said. If

the government were to act, or threaten to act, covertly, that would be intimidation, he said. Reporters have not been "bashful" about criticizing government for what they consider to be its errors, he said. And when those in government see what they regard as an error in the reporting of the news, they should talk about it.

Mr. Colson also defended the administration's position in favor of a cutback in news and public-affairs programming on the public television network. The issue, he said, is whether a government news network is desirable as a matter of public policy. The administration has been accused of involving itself too deeply in television when private networks are involved. "Imagine what criticism would be with a public television network."

Mr. Colson's interview on the *Today Show* followed two appearances on public television in the past month. In both—on *Evening Edition*, on Jan. 17, and on *Thirty Minutes With . . .*, on Feb. 1, Mr. Colson predicted that the development of cable television, domestic satellites and other communications technologies would provide the answer to what the administration regards as the networks' concentration of power (BROADCASTING, Jan. 22, Feb. 5).

the producers use network lines to reach affiliates with programming.

In any discussion of OTP's role in formulating communications policy, two points should be borne in mind. One is that OTP can have an impact only to the extent that the FCC accepts its proposals for regulation and Congress, those for legislation. And the FCC is not only subject to pressures other than those from OTP—the networks, for instance—it is aware of its responsibility to perform as an independent agency (at the staff level at least, OTP proposals are frequently treated with disdain), while the Democratic Congress, which is hostile to the administration, includes on its Senate and House committees members who are less than taken with Mr. Whitehead.

But Mr. Whitehead is the President's chief adviser and spokesman on telecommunications matters; as such his views carry some weight, as long as he has the President's confidence. And last week, Mr. Whitehead spent a half hour with the President, reviewing OTP's activities and charting the office's plans for the new year.

What was the President's response? Mr. Whitehead declined to go into any detail. "But," he said, "the President didn't tell us to stop. His message was, 'Right on.'"

Advertiser pressure: the ultimate weapon?

CBS News correspondent Walter Cronkite last week surmised that the administration assault on network news is largely designed to hurt the local broadcaster where he is most vulnerable—in local sales.

Remarking on the current state of broadcast journalism in an interview with WTOP-TV Washington newsmen Gordon Peterson, broadcast on the station last Thursday (Feb. 8), Mr. Cronkite stated that local stations are more vulnerable, politically and economically, to Nixon-administration assaults than the networks. "There are some marginal television stations where the pull-out of one or two local advertisers could be fatal. . . . He [the local broadcaster] is going to quake in his boots if they become unhappy. So this is a major source of pressure and I think the administration knows that only too well."

"This," said Mr. Cronkite, "is where the administration is so basically evil in this approach."

Mr. Cronkite is sanguine, however, that journalism will survive. "It may be difficult" within the next few years, he said, "but not for the long range. Because I think that the American people are simply too wise to permit that kind of censorship of a source of information which is rather vital to them." Those remarks were in response to Mr. Peterson's question about Office of Telecommunications Policy Director Clay T. Whitehead's speech in Indianapolis two months ago, in which he urged local stations to demand a balancing of network news content.

Broadcast Advertising

Engman looks a shoo-in for FTC post

Former Nixon aide nominated for commission chairmanship gets plaudits at committee hearing, contrary to "intense scrutiny" promised by no-show Senator Tunney

Lewis A. Engman last week breezed through a confirmation hearing before the Senate Commerce Committee for his appointment to the Federal Trade Commission. A warning that he would be "subject to intense scrutiny" (BROADCASTING, Feb. 5), turned out not to be an accurate prediction. Senator John Tunney (D-Calif.), who served this notice, wasn't even present for the Feb. 5 hearing, being represented instead by a legislative assistant. It was explained that the senator was called away on other business and that the questions he wanted to ask were covered by the other members of the Commerce Committee.

In place of "intense scrutiny," Mr. Engman, a 37-year-old White House aide picked by President Nixon to succeed Miles W. Kirkpatrick as chairman of the FTC wound up with words of encouragement from Senator Frank E. Moss (D-Utah), who presided at the Commerce Committee nomination hearing, and Senator Ted Stevens (R-Alaska), while Senator Norris Cotton (R-N.H.) said it would be his "pleasure" to support the nomination. Senator Moss, pleased with Mr. Engman's "forthright and affirmative responses" to a series of written questions, urged him to continue the trend, started under the last two chairmen, that has seen the commission stretch its powers "to provide a credible countervailing public force to the enormous economic and political power of huge corporate conglomerates which today dominate American enterprise." Senator Stevens—who received an affirmative answer when he asked, "Could we expect that we now have a consumer advocate on the FTC if you are confirmed?"—expressed hope that Mr. Engman will become "a real zealot" in consumer affairs and cause big business to complain that "you are going too far." Senator Cotton, taking notice of Mr. Engman's "great deal of experience," said that President Nixon "was very wise" in nominating him.

Mostly what the senators were reacting to was Mr. Engman's vigorous affirmation of intentions to support the independence of the FTC from White House—as well as other—influences, and his announced "hope and intention" to make the commission a more active, aggressive force in consumer affairs. Yet on the issue of counteradvertising, Mr. Engman, admittedly, "took a powder." Asked by Senator Moss if the FTC should have a responsibility to go into "a concern of public access to all responsible points of view on benefits and costs of advertised

products and services," Mr. Engman pointed out that "as a cautious man he would prefer 'to find out more that problem before I comment on it.'"

Mr. Engman also told the Senate that he has not participated in things or management of his former law firm, Warner, Norcross & Grand Rapids, since going to Washington in 1970. The law firm represents such advertisers as Gett & Myers Inc., Ralston Purina, Continental Baking, Kellogg Co., General Foods Corp. About Kellogg, he said that his one-time law firm "have any continuing client relationship with the company, while he had 'personal involvement in any measure' with any of these clients."

Some quicker answers for spot-radio buyers

They're contained in Radcom, of the computer and ARB data, offered by CBS Radio Spot Sales

A new on-line computerized information service to provide reach and frequency estimates and various other analyses has been announced by CBS Radio Sales, which said it is already a part of CBS's in-house information system.

The Service, called Radcom ("radio computer"), was said to give five basic analyses in addition to reach and frequency, based on computer versions of American Research Bureau radio-market audience reports: rankings, trend analyses, multi-averages, percent-change analysis, rating or audience analyses. Reach and frequency analyses, according to CBS, can be provided for both single and multi-station campaigns, and include percent of market reach, frequency of exposure, gross impressions, gross rating points of specific cost-per-thousand people reached, per-thousand different people reached and station format.

Scott Schanzenbach, director of marketing and research for CBS Radio Sales, who showed Radcom to reporters, said it would expedite and expand sales by making available in seconds vital information that formerly took hours and days to obtain.

He said Radcom had been under development at a cost "in six figures" but he estimated that it would be recouped within 18 months. He told of a Chicago buyer who called in near panic when she must add two stations to a campaign immediately but didn't know which to select. He said her problem was solved in about 20 minutes when she showed her the best option for campaign objectives.

ARB audience data going back to 1970 are in the computer system, and markets in which stations report. CBS Radio Spot Sales are in