

NOW THERE ARE FOUR

NHK pulls Narrow-MUSE from HDTV contention

By Randy Sukow

The long-held assumption that the FCC's high-definition television transmission standard will be all-digital became official last week when the last analog-based system, Japan Broadcasting Company's (NHK) Narrow-MUSE, bowed out of contention.

But a four-day meeting of a special panel of the FCC's Advisory Committee on Advanced Television Service, leading TV engineers were unable to settle an undisputed front-runner to recommend to the full advisory committee, which meets Feb. 24.

Absent some consolidation among the remaining proponents, the advisory committee's most likely alternative is to approve a new round of laboratory tests for all four at the Advanced Television Test Center in Alexandria, Va., which would delay selection of a final system until late this year.

The panel was divided into three task forces on technology, spectrum characteristics and economics. There were no clear winners in any area among the four systems—two proposed by a consortium of General Instrument and the Massachusetts Institute of Technology; one by a consortium of Zenith and AT&T, and one by a consortium of NBC, Thomson, Philips and the David Sarnoff Research Center.

The technology task force saw the most activity as it sought to compare the systems' audio and video test performances. By week's end, the group approved a performance grid outlining strengths and weaknesses according to 10 major criteria. While some systems tested better than others in certain criteria, "there does not appear to be one system that has a clear advantage in all areas," said PBS engineer Mark Richer, chairman of the technology task force.

NHK removed Narrow-MUSE after the panel found what was considered a fatal flaw, interference test results vastly inferior to results of the four competing all-digital systems. ■



JAMES QUELLO: THE FCC'S 'REPORT AND ORDER' CHAIRMAN

Cable, fin-syn deadlines crowd interim chairman

Anyone who sees James Quello's appointment as interim chairman of the FCC as merely a "reward" for some 19 years' service at the commission and another 27 in the broadcasting industry are only looking at half the picture. It is also a heavy responsibility.

The 78-year-old Quello will likely only serve as chairman for a few months, but those will be some of the more intensive months the FCC has seen for some time. During that time, the FCC must produce a volume of new rules regulating cable television and rewrite the financial interest and syndication rules. Both will strain agency resources and tempers.

Quello took time from his first full week at the helm to discuss his agenda with BROADCASTING editors Harry Jessell and Joe Flint. Quello says he will preside over a "report-and-order" FCC—no "caretaker" he.

On the other hand, he says, he will not advance any "contentious" items that would add to the cable and fin-syn load. That means, he says, no action of relaxing the TV ownership limits or the prime time access rules.

Quello succeeds Alfred Sikes. Due to his departure and Commissioner Sherrie Marshall's recusal from broadcasting and cable issues,

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QUELLO

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Quello will need just one of the two other votes for a majority. He says that second vote will most often be Ervin Duggan's. Commissioner Andrew Barrett, he says, "will vote against you just to be contrary."

The first words from Chairman Quello:

What's on the Quello agenda?

Cable is the big thing. I think this will be a report-and-order commission, not a caretaker commission. The March and April agendas are loaded with cable items.

But are there any initiatives you would like to take or pending issues you would like to make priorities? Relaxation of the TV ownership rules?

We won't take anything up as contentious as TV ownership until a full complement of commissioners is here. The only idea from the new administration is that they want a broadband multichannel system. Unless we get a strong signal from the transition team and the House and Senate, the idea is to keep a stable, steady course here and do what we have to do until a permanent chairman is named.

The other big issue before you is the financial interest and syndication rules. Commissioner Andrew Barrett appears to be signaling he is ready to compromise, with talk of a sunset of the rules. Will you meet him halfway?

I will compromise to this extent. As I said at NATPE, we should consider giving the networks complete financial control of the programs. They should be allowed to acquire interest in everything. But to protect the independent stations, we could continue to bar the networks from controlling syndication sales. You can own, but you have to turn it over to syndicators—give them 10% or 15%—and they sell it to whomever the hell they want. I think it is a fair thing to do for independents. I'm a bleeding heart for independents.

Have you broached this fin-but-no-syn idea with Barrett?

I don't feel like asking [Barrett] for a hell of a lot. If you want to tell me where he stands, fine. Whenever I go to see Barrett, I tell him to vote any way he wants because he is a very contrary guy. He might vote against you just to be contrary. You can't tell



where he is coming from.

I'm no obstructionist. Whatever the majority wants, it'll get. If I don't like it, I will write one hell of a corking dissent. I feel like I have a recourse.

What about the prime time access rule? Will reform of that come up on your watch?

No, I will leave that to the new guy's agenda. Let a full commission take a hold of that hot potato. But long range, I think the same rationale [for repeal] that applies to fin-syn applies to prime time access.

Getting back to cable, what are the challenges?

We're going to get out some very complex reports and orders on a Cable Act that has no perfect answers. With must carry we have to decide whether using ADI's will determine carriage. What happens to the network non-duplication rules? That would fly in the face of those rules. Who will enforce program access? Us? We're barely able to take care of ourselves.

What about retransmission consent? How do we keep cable profitable and able to expand and still give broadcasters what they deserve? We don't want to hurt cable to the point where it is no longer profitable. Cable provides a lot of service. If we drive cash flow down, we could put cable in default and have another mess on our hands. We don't want that either. We want a better deal for consumers, equity for broadcasters, cash flow profits for cable. Can we do this? That will be the

test for us in March and April.

Are you going to finalize the FCC's decision to relax the ban against broadcast networks' owning cable systems?

The tenor I get here is that network-cable will be validated. [Capital Cities/ABC Chairman Tom] Murphy and others want it. They are satisfied with the 50% local ownership cap.

What about the implementation of high-definition television?

I was the guy that got the review clause [in the last report and order]. I told Al [Sikes] that I would not go for it otherwise. I'm not going to force-feed it. The idea of three years to apply and three years to construct and then you're out is ridiculous. It is going to be an evolutionary process.

It has to come because if broadcasting does not get it, cable and DBS will get it and they'll sell the sizzle.

Al Sikes stepped up indecency enforcement. Will that continue?

We will continue indecency enforcement. We have to remember that the Gores are both strong on indecency. Broadcasters cannot abdicate licensee responsibility. People have to be aware that there is a public outcry against sex and violence on TV.

Congress is again trying to resurrect the fairness doctrine. What will this commission's stance be?

I don't know where we'll go on that. I spilled enough blood on the fairness doctrine and will not be an ardent opponent of any big draft to reinstate it, but I won't vote to reinstate it. ■

JAMES QUELLO: THE BROADCASTERS' CHAIRMAN

Pro-broadcaster and proud of it, the FCC's interim chief is pro-public interest first

By Joe Flint

When battling for his first FCC appointment in 1974, James Quello, longtime general manager of Capacities' WJR-AM-FM Detroit, faced charges of a pro-broadcast bias. "They say because I know broadcasting, I'm not qualified to regulate it," complained Quello at the time.

Some 19 years later, Quello still has not shaken the perception that he is the broadcasters' best friend at the commission. He also has not really tried to.

"I still believe that the preservation and enhancement of the all-important free, universal broadcast service for all Americans should remain and will remain the underlying bedrock of American mass communications for at least the next five years. I still adhere to the principle of universal free TV."

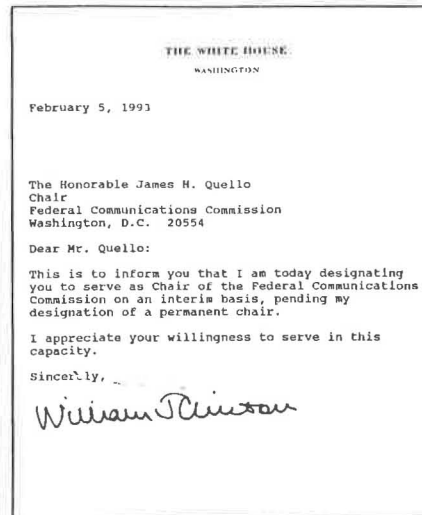
Today, with audience reach of network television in prime time down to 63% and with 58% of the radio industry in the red, broadcasters appear to need all the help they can get.

Evidence of the help Quello has provided is easy to find. He has been pushing for more freedom for broadcasters in the timetable for implementing high-definition television.

He has opposed satellite-delivered digital audio broadcasting because it threatens local over-the-air radio service. He took heat from Congress for supporting the repeal of the fairness doctrine in 1987 and has stood by the networks in their battle against Hollywood over fin-syn. He blocked the proposal to reallocate UHF spectrum for land mobile use.

He has resisted review of the prime time access rule, which endears him to independents, as does his partial dissent in the commission's decision to allow networks to acquire cable systems last June. "I'm a bleeding heart for independents," Quello told BROADCASTING.

Quello is currently such a favorite of Capitol Hill that some question the closeness of his relationship with House Energy and Commerce Committee and fellow Detroit Chairman John Dingell (D-Mich) and Senators Ernest Hollings (D-S.C.) and Daniel



Bill Clinton's letter making it Chairman Quello

Inouye (D-Hawaii). All endorsed him for interim chairman, and Quello acknowledged in an interview with BROADCASTING that he will keep the Hill fully informed on the FCC agenda.

"My appointment was strongly supported by Dingell and Hollings. I use the commonsense approach to everything. Cable is not opposing me." The public interest groups have also softened.

"The thing I respect the most about Quello is his gut-level political horse sense," says Andy Schwartzman, executive director, Media Access Project. "He is temperamentally very well suited for what could be a very awkward situation. He is not worried about what this is going to do for his career," he says, adding that Quello has managed to attain wide respect and not alienate a large number of people. "I expect to disagree with some of the positions he takes, but he understands the importance of collegiality," Schwartzman says.

Added Dingell aide David Leach: "He is a good, level-headed thinker with a good visceral sense of where public interest is. And he is one of the hardest workers there. Quello keeps long hours." Quello's hours will only get longer, and he knows it.

While that will keep him and the rest of what he calls an understaffed and underfunded FCC busy, Quello also knows that he is not there to put

his own agenda in place.

"Our main objective is to keep a stable course until a permanent chairman is installed." There is still no word on when that will be, though, and in the meantime Quello not only has to worry about the commission's agenda but also the management of the FCC. That being the case, don't look for anything dramatic from Chairman Quello.

Quello was born in Detroit on April 21, 1914, and lived there until joining the FCC in 1974.

During his long career in the Fifth Estate, Quello has essentially worked at two places. In 1947 he joined WJR-AM as promotion manager and remained at the station until 1974, when he retired as station manager and a Capital Cities vice president. From there it was on to the FCC, where he intends to remain until his term expires in 1996.

Quello has also seen his share of violence outside FCC meetings. During World War II, Quello went from the rank of lieutenant to lieutenant colonel and saw combat with the Ninth and 45th Infantry Division in Africa and Europe. He was also decorated with seven campaign stars, the Bronze Star with cluster and the Croix de Guerre. After that, regulating the communications industry probably does not look so hard.

"This has been the most important productive job I've had. I just feel that in a nutshell what we have to do here is foster competition but at the same time appreciate that more is not always better."

Commissioners, he says, must remember that they are paid with public funds. "Whenever private interests conflict with public interests, the public interests must prevail." As for government working with industry, Quello would like both to "save the adversaries for after the offenses are committed. Let's go together in the spirit of cooperation and see what the hell we can get done."

Don't let Quello's age fool you. At 78, he still plays tennis twice a week, and his office is filled with athletic trophies. "I've been blessed with great vitality for my age," said Quello. ■

Editorials

UNTRUE AT ANY SPEED

It probably seemed like a good idea at the time: investigating an alleged defect in 15 years' worth of GM pickups, with millions of trucks still on the road and millions of dollars in damage suits in the legal pipeline. And it took guts for a network in tough times to take on a major national advertiser. But given that, you'd think the network would have "dotted all the i's and crossed the t's," as one NBC station executive put it. It didn't.

NBC, which has been trying for years to carve a prime time niche for a news magazine, hoisted itself on its own model rocket engines with some sloppy, sensationalistic journalism on its *Dateline* program that became a source of public embarrassment to the network and made it a little harder for all broadcast journalists to do their jobs.

To head off a defamation suit announced the day before by automaker GM, NBC last week delivered a lengthy apology for a Nov. 17 *Dateline* piece on the crashworthiness of GM trucks. As everyone now knows, that story included "test" footage featuring a truck rigged to catch fire and a number of false or misleading statements and conclusions (according to GM and not disputed by NBC). Since the crux of the case against GM was the likelihood that its trucks would catch fire in side impact crashes, to rig the test and not tell the audience was inexcusable. NBC might as well have taped the engines to its journalistic reputation.

The network's first reponse to the GM suit was a letter from NBC News President Michael Gartner in which he expressed puzzlement with the automaker's anger at the crash footage, explaining that "at the site of the demonstration, it was no secret that the sparking devices were being used. There were at least 20 people present." We guess that if each of those 20 told just 500,000 of their friends, the 11 million or so viewers of the *Dateline* segment should have known that the test was lopsided. Gartner said the reason NBC did not reveal the presence of the incendiary devices was that their "expert" said they did not start the fire. OK, then why wasn't that information given to the viewers. At the opening of the show, NBC told its audience that "they would be the judge." Then the show's producers proceeded to withhold evidence and prejudice the case. They may not have started the fire, but they supplied the matches and fanned the flames.

NBC's tune and tone soon changed, prompted no doubt by the suit, but also we hope by a recognition of the serious problem with its editorial decisionmaking process. (Those problems, as far as we could tell, were confined to the crash test segment, which fatally flawed an otherwise solid piece.) In its apology, which covered a multitude of sins—allowing the rockets to be used, not telling the

viewers about them, erroneously reporting that a gas tank had ruptured, misreporting the speed involved and more—NBC pledged that "unscientific demonstrations should have no place in hard news stories at NBC. That is our new policy." We thought it was their old one.

TAKING CHARGE

Chairman Quello presided over his first meeting in that interim post last week, which gives us a chance to say that the chairmanship has never hosted a solid citizen. In the sea of political maneuvering and posturing that is Washington, where positions are often taken as much to advance a career as a conviction, he remains a rock of straight talk and fierce loyalty to an idea—universal, free, over-the-air broadcasting.

Quello has always been, in our experience, a man without an agenda other than to try to do the right thing by the broadcasting industry, particularly the independents for which he concedes to possessing a "bleeding heart." But Quello is also adamant about the bottom line of his duty as commissioner: "Whenever private interests conflict with public interests, the public interests must prevail." We may sometimes disagree with his definition of that interest, but we cannot argue the rightness of his cause. "The thing I respect the most about Quello is his gut-level political horse sense," says Andy Schwartzman, executive director, Media Access Project. "He's not worried about what this is going to do for his career."

Quello's most important work may well be just ahead. He inherits a tough job, with the commission under the gun to move on major reregs for cable and revamped fin-syn rules. Quello says he will be a "report and order" chairman and not a caretaker. That sounds like the right stuff to us.



Drawn for BROADCASTING by Jack Schmidt

"We won the caroling contest at last year's Christmas party."