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INTERVIEW

JAMES QUELLO

With the resignation last month of FCC Commissioner Anne P. Jones and the imminent departure of Stephen A. Sharp and Joseph Fogarty (whose terms expire June 30 and who will not be replaced due to new laws which reduce the number of FCC members from seven to five), JAMES QUELLO's importance to the pared-down FCC cannot be underestimated...A Democrat and former broadcasting executive who was originally appointed to the Commission in 1974 and reappoint-

ed by President Reagan to a term that ends in 1984, Quello represents what many Washington observers call the last remaining moderate voice within Mark Fowler's FCC...In the following interview with THE RONA BARRETT REPORT, the FCC Commissioner discusses his suggestions for a compromise regarding what many in our industry consider the most critical issue currently before the FCC--the proposed repeal of the Financial Interest and Syndication Rule (FISD)...In addition, Quello reflects on other controversial issues facing the Commission.

: In June 1982, you said that you were generally opposed to repealing the Financial Interest and Syndication Rule. Have you changed your mind?

: I've changed my position a little...I came up with the idea that some compromise might be a fairer way of dealing with this situation. Perhaps a compromise could be worked out where we gave the networks something but not the whole ball game. Some weeks ago, I suggested that maybe the networks deserve something up front for the initial risks they take and the initial promotional expenses they have in making a program popular.

: What was the reaction?

: The trade press discovered that the networks didn't like it; Jack Valenti said that the networks shouldn't get anything. None of the major participants liked the proposal. The only ones that even had a slight tolerance for it were the independent stations.

: Some people suggested that Valenti was behind the compromise...

: Did it come from Jack Valenti? Hell, no! It came from me. Valenti was quoted as saying, "We don't want any part of the compromise." Both sides are still stonewalling it.

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Q: What do you think will happen?

A: It's coming to the point where there is going to be some kind of a middle ground, a reasoned solution. When the compromise proposal came up, other commissioners said they were interested.

Q: Who were the others?

A: Anne Jones, Mimi Dawson, and Henry Rivera. Jones is leaving. As of June 30th, we will be down to four commissioners, maybe a fifth one will be on board, but I think it's going to take three or four months (to decide the issue). It doesn't mean that they're going to vote for whatever I happen to say, but they were looking for some kind of an out. They were interested.

Q: What are you presently suggesting?

A: I can't tell you exactly where I'm going...It's a really complex, hot potato. But I don't think a graduated approach would be practical to administer. For instance, to say if you go down ten rating points you get another ten per cent of financial interest and at the end of five years we revise the whole thing over again--that's going to be very difficult to implement.

Q: Are you saying that a majority of the commissioners favor a compromise but no one knows what the compromise should be?

A: That's right. They are all searching for a reasoned solution. But commissioners change their minds. We've certainly heard every aspect from A to Z. My prime concern is that we have, at last count, 187 independent stations. These stations are 85 per cent UHF. They are a disadvantaged facility. They rely on off-network programming for their profits, so that they can provide diverse news and public affairs programming for their markets. To me, that's worth protecting.

Q: When do you think a decision will be made?

A: I don't think we will see this item before the commission until September or October. At this time, my view is that the networks may be entitled to some kind of a minority financial interest, but not a majority--and not any syndication rights. I think that may be a middle-ground approach that neither side will like, but it might be as close as you can get to being fair. As I said at the Congressional oversight hearing, we have a system that's working...If the Waxman bill delays the whole thing for five years, that's fine with me. At one time I was thinking of proposing a moratorium but except for the independent stations, everyone was stonewalling. If there is going to be a successful compromise, it is going to have to be a commission compromise.

Q: On another subject, you said at the recent FCC hearing on children's television that you'd like to see a half hour of children's programming from 4 p.m. to 6 p.m. on at least one station in the top fifty markets. But you added that you wouldn't mandate such a proposal. Would you mandate anything regarding children's programming?

A: No.

Q: Why not?

A: When you start having a government bureau mandate programming, you have First Amendment problems and you are getting into someone else's business. You have to remember that television is a mass medium. It isn't really appropriate for kindergarten programming ...I don't understand why Robert Keeshan is disgruntled. Captain Kangaroo was not competitive with Good Morning America or Today. I even made the statement that any child eight years old or older could learn a lot more by watching Good Morning America or Today than by watching Captain Kangaroo.

- Q: How would children's programming be improved?
 A: I would like it to be a marketplace decision and I'm sure there's some civic consciousness out there.
- Q: Then the commission won't do ANYTHING regarding children's programming?
 A: I don't think so. I don't see us mandating anything. I see us trying to encourage it, and I wouldn't be a bit surprised if you see more children's programming. The fact that we are showing an interest might encourage some broadcasters. Low power television might pick up some of the slack.
- Q: Turning to the subject of deregulation, do you differ at all from Chairman Mark Fowler?
 A: Yes. I generally support him philosophically. I'm for deregulation...but from the start, I was the prime opponent of the Chairman on Financial Interest and Syndication. The compromise got everyone rethinking it where it didn't automatically go through. That's a big issue. We are on different sides. I don't agree with him in several other areas. I'm not for additional drop-ins. Forty per cent of the radio stations are losing money, according to a survey I took of six representative states. If you have that many losing or barely marginal, there are a lot of opportunities for minorities to get into radio now. They don't have to go through a whole new application and build something up from scratch. They can buy a station and the person who sells it to them gets a deferred tax. That might be worth something in the negotiating process--another 10 per cent off. I am also against VHF drop-ins.
- Q: What will the commission do regarding deregulation before the end of the year?
 A: There is a good chance that television will be deregulated similar to radio deregulation. But a different commission could change that unless it is codified by Capitol Hill. We deregulated radio as far as we could.
- Q: Philosophically, what is your role and position at the FCC?
 A: I'm a Democratic appointee, a moderate. I have a tendency to be pro-industry but liberal socially. Because of my age, I can be a moderate or compromising influence on the commission...I was 69-years-old last month. There are some advantages to age. You're not motivated by self-ambition.
- Q: How much power do you as a commissioner REALLY have?
 A: One vote.

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