

NEWS RELEASE

Contact: Yvonne Maddox
800-616-8081
Ymaddox@probitaspress.com

BOOK FORESHADOWS CABLE VS. PHONE WARS

Today's turf wars between giant phone and cable companies were foreshadowed by the ongoing struggle between broadcast and cable television, as described in "Television Tightrope: How I Escaped Hitler, Survived CBS and Fathered Viacom," by Ralph Baruch with Lee Roderick.

"Tightrope," published by Probitas Press, is due out in April 2007. It is distributed by Independent Publishers Group.

Baruch was a group president at CBS when it spun off tiny Viacom under his leadership in 1971. After a career in broadcast television, Baruch spearheaded the fight by its nemesis, cable TV, for fair treatment by Washington. The FCC and most members of Congress were then in the hip pocket of the powerful three broadcast networks, ABC, CBS and NBC. Baruch and other cable leaders, often in court, systematically pried the government's fingers from the neck of cable television and set it soaring.

The result: In 1977 American viewers got seven channels at most, all from broadcasting. Today they can get 500—all but a handful from cable.

"When at the helm of Viacom," writes Baruch in "Tightrope," "I warned cable colleagues

that our real enemy was not television broadcasting, but telephone companies. They are wired

(more)

into 99.9 percent of homes and businesses, and are bent on overriding cable television, as satellite services have done, except far more thoroughly.” [see p. 328]

Baruch describes cable’s challenges in getting a toehold in the television landscape. A unique difficulty for cable operators was answering to two or often three sets of regulators—federal, state, and local—and traipsing from town to town soliciting franchise rights from city fathers. Today’s telephone companies instead seek statewide franchise rights and, helped by an army of powerful lobbyists, have won them in a growing number of states.

The modern advent of fiber optics and newly emerging IP—Internet Protocol—have enabled telephone companies such as AT&T and Verizon to begin going head-to-head with cable companies. The two industries are now rivals in phone services and high-speed Internet, with video up next. At stake are millions of jobs and billions of dollars in investments.

As they fend off phone companies, Baruch believes some major cable companies today have hurt themselves with consumers by raising rates too often and too high, and by making it difficult for independent networks to get on the air. “This seems to duplicate exactly how the broadcast networks once operated, leading to the FCC’s fin-syn rules [against network financial ownership or syndication of programs] some three decades ago. I believe this is worthy of an investigation.” [see p. 327]

Those rules led to creation of several new companies by the networks in the early seventies. Notable among them was Viacom, spun independent from CBS in 1971 with about 200 employees compared with its parent company’s 22,000 employees. Nearly three decades later, in 1999, Viacom returned and bought CBS.

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