

It Takes a Good Memory To See Cable TV's Future

By LES BROWN

Two years ago, cable television was a new and growing industry that seemed to promise to deliver the communications of the future by 1974. Through television by wire, so the cable dream went, agencies of city governments would be interconnected, hospitals would be linked with outlying health care centers, neighborhoods would have their own local stations, minorities would have a television forum. Social scientists and educators planned the impact of the medium on the culture of the country, and venture capital was readily available from the financial community.

In fact, it's all very different in 1974. According to the National Cable Television Association in Washington, eight million homes across the United States are served by cable, or almost 12 per cent of all television homes. One-quarter of the subscribers are in metropolitan areas of over 150,000 in population, where 70 per cent of the nation lives. Of that one-quarter, many are in suburban or outlying areas, rather than in the central city.

In both the city and the country, most cable subscribers pay about the same for the service (about \$5.00-6.00 a month). But in general what most people are going to be receiving on their home sets this year is not the special programming heralded for the medium. Instead, they will be getting "basic cable service," or better reception of the existing commercial channels in their areas. The United States Department of Commerce had predicted a national average growth rate for the industry of 16 per cent a year for the first three years of the 'seventies. Last year it was 10 per cent. And investment has dried up.

Cable has entered a cooling down period. "A return to reality" is how one industry leader put it. The large cable companies, called MSO's (Multiple System Operators), are struggling to make a comeback on Wall Street by making a new pitch—a modest, even conservative, representation of the medium's capabilities.

What happened between 1972 and 1974 to burst the bubble?

Mainly, it was that the industry had stumbled over its own leaps and bounds. Entrepreneurs had rushed to wire up the major cities after the Federal Communications Commission issued new rules on March 31, 1972, that effectively lifted a "freeze" for cable development on the top 100 television markets. They were to learn that the economics of urban cable are vastly different from the economics of cable in the small towns where the medium had first developed.

The origin of the cable industry was in the development of CATV (Community Antenna Television) in the late 'fifties. CATV was devised as means for improving television reception in areas in which the airborne electrical signal from a commercial station's transmitter was interrupted by hilly or mountainous terrain. A community master antenna, which has been likened to a giant rabbit-ears, would be set up, usually on the highest point in the area, and a coaxial cable strung along existing telephone poles and into a home, thus connecting the television set there to the master antenna. Rural cable still operates in this way; in cities, the cable is run underground, usually in already existing tunnels, and then into a house or apartment building.