

# Cable TV challenges local officials

There's a revolution coming in the way people communicate with each other that could have a profound effect on minority communities. But unless local officials in those communities act soon, influence over how this new means of communication is used could pass out of local hands and into the hands of giant national corporations.

The revolution is called cable television. Very simply, it's a way of sending TV signals through wires, rather than broadcasting them through the airwaves. It can be used either to improve reception of existing TV stations in distant areas, or, more important, it can be used to transmit programs exclusively on a cable network.

Why is cable important for minority communities? Cable television, a method of dis-

tributing television signals through wires, has a number of unique features and capabilities such as an information delivery system and as an economic and business development resource. Its potential is particularly great for local urban development.

Cable has abundant channel capacity. Systems with 24 channels are now being installed, and there is a potential for up to 60 channels. Moreover, two-way communication will be possible from sender to receiver and back. Cable TV can do more than provide clearer pictures of present television programming; it can supply specialized programs to small audiences and shows of special interest to each neighborhood. These locally produced shows can be especially beneficial in counterbalancing the stereotyped and culturally destructive pro-

gramming that broadcast television now offers Black and brown communities.

As an information technology it offers an efficient delivery system for public services. Present federal rules require at least one channel each for educational and government use. However, the potential to deliver education, health and employment information, traffic and police communications and other services, especially with two-way interactive cable, is nearly boundless.

Cable also has a very attractive economic development potential, especially for underdeveloped urban communities. It attracts substantial outside capital, induces local investment, increases local money supply with its large cash flow, and provides new jobs, contracts and a variety of spin-off business opportunities. For

example, a local development group wiring about one-fifth of Washington, D.C., or a city about the size of Louisville, Ky., with about 60,000 homes, would need several hundred thousand dollars of venture capital costs coming from loans and retained earnings. With 25,000 subscribers the company could generate \$150,000 income a month.

Cable economics are particularly attractive for inner city neighborhoods because of the high population densities. One mile of cable in the city can pass as many as 350 potential customers, unlike the current system average of about 100 homes in the more scattered homes of the suburbs. Unlike other business ventures, cable does not need expensive offices, rentals, uncongested streets or plentiful parking.

What is the role of elected officials? Before a cable system can begin operation, it must receive a permit or franchise from a government authority, generally the city council.

The Federal Communications Commission sets certain minimum standards which any city's regulations must meet. These cover such matters as public participation in the process of awarding franchises; construction schedules; duration of the franchise; rates and rate changes; handling of service complaints; and reasonableness of fees charged to companies awarded a franchise.

However, local governments retain the basic authority to decide who will be granted a franchise and what standards must be met. Specifically, local governments are responsible for delineating franchise areas; selecting and supervising study committees which may be formed to examine requests for franchises; inviting franchise applications; drafting an ordinance regulating cable operations; selecting a cable system operator or operators; passing on the adequacy and feasibility of construction arrangements; setting the length of the franchise; approving subscriber rates, and setting franchise fees (within FCC guidelines).

Federal jurisdiction is based on the FCC's power to regulate transmission of broadcast signals. Local jurisdiction comes from the right to regulate use of public streets and ways through which cable lines are strung or laid.

This local authority must be exercised with care and planned to insure that the city and minority interests are well provided for. Special attention must be given to certain key decisions.

Local ownership means that funds created by the cable system will stay in the community. Funds will go into local banks, buy local services, and be reinvested in the local system. It's profits will be shared by local residents. There is a greater possibility that job opportunities and other business services will be purchased from community residents. Resident owners will have a greater knowledge of community needs and will be more accountable to the community.

Though most large cable companies provide some ownership participation for local residents, it is usually on the basis of 20 percent for local individuals and 80 percent for multiple system operators (MSO). These nationwide firms, such as TelePrompTer, are involved in practically all the cable systems installed so far. The local citizens provide the community knowledge and political influence necessary to gain the franchise. The MSO supplies the capital and technical expertise, and maintains full operating control once the franchise is granted. This typical pattern provides virtually no ongoing local involvement except in the bank accounts of a few prominent individuals.

The MSO, whose major responsibility is to its overall balance sheet and public stockholders, may use the cash-flow to expand its operation in other cities.

Should the city have one cable operator or several? In general, minority owners benefit when a city grants more than one franchise, each covering a specific section of the city. This has financial, operational and political advantages, and makes possible some competition.

Dividing the city into cable zones aids minority applicants. The segregated housing patterns of most cities tend to concentrate minorities into a few zones. Any operator who proposes to serve this area knows that his success will depend on his service to the minority community. He must provide programming, marketing, consumer relations, and general public service geared to the minority community. He cannot afford merely to utilize services and staff from rural and suburban systems. Finally, dividing the city concentrates the political clout of the minority communities. Although the minority cable company and its community supporters may not be the strongest group city-wide (except in such cases as Washington), generally they will be the strongest in their own area and one of the most influential groups throughout the city.

Multiple districts also are a benefit from the regulatory standpoint. Comparative costs and services would be available by which to judge requests for rate increases, details on service expansion, and other proposals. This is similar to the practice of federal and state regulatory agencies in using TVA as a yardstick by which to measure rate requests of private companies. The city's regulatory body would have a stronger position from which to enforce the rules if it were not dealing with one conglomerate. With multiple ownership, there would be less danger that a single firm would overwhelm it's understaffed regulators, as AT&T does to the Federal Communications Commission.

What other standards to insure full minority participation should be: The city should ask each applicant for the firm's plans in the following areas:

1. Use of local minority construction contractors;
2. Recruitment, training and employment of minority persons in system construction and system operation;
3. Purchase of goods and services from minority businesses;
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Acceptable plans should be made a part of franchise applications and agreements.

In February, 1973, the Urban Mass Transit Authority placed similar requirements into effect for the development of urban mass transit systems. Cities should follow this precedent in planning and developing local cable television systems.

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# Guyana elects new government

Voters will go to the polls to select a new government for Guyana, the second since it's independence from Britain in 1966, on Monday, July 16. Guyana, the former British Colony of British Guiana attained its independence in May 1966 and became a Republic on February 23, 1970. The last election was held in 1968.

Guyana is the only English-speaking country on the mainland of South America.

The last national elections were held in 1968 when Forbes Burnham (the current Prime Minister) and the People's National Congress (PNC) defeated Premier Cheddi Jagan of the People's Progressive Party (PPP). The two are expected to be opponents again next month. Burnham is a Socialist and Jagan is a Marxist.

Burnham's PNC won a substantial victory in the 1968 election under the country's system of proportional representation instituted by the British shortly before Guyana gained independence.

Burnham had until March 1974 to call new elections but has decided to seek a mandate at this time, before the Commonwealth Conference to be held in Ottawa, Canada in August, and a Non-Aligned Conference later in the year at Algeria.

The Constitution of Guyana provides for a sovereign democratic Republic of Guyana, with a president as the constitutional head of state (currently President Arthur Chung). There is a Prime Minister and a Cabinet responsible collectively to the National Assembly, which consists of 53 members elected by secret ballot under a system of proportional representation. The voting age is 21. (A recent govern-

ment proposal to lower the voting age to 18 was not supported by the Opposition).

Guyanese who reside and/or are citizens of other countries are still eligible to vote in the Guyana elections.

The largest racial groups are East Indians (about 398,000), Blacks (about 238,000), and there are some 40,000 Amerindians. There are also 4,000 Europeans in Guyana's total population of 760,000.

It is estimated that 86% of the total population in Guyana is literate. Primary education is free and secondary education is increasingly in reach of all. The University of Guyana was established in 1963 and awarded its first degrees in 1967.

The three major industries are sugar, rice and bauxite. Since these three contribute

over one third of the nation's Gross Domestic Product and employ about a quarter of the working population, they largely set the pace of economic activity in the country.

Significant in the past few years of Guyana's desire to control its natural resources, the Government negotiated a purchase of the Aluminum Company of Canada's (ALCAN) bauxite operations, for an estimated \$53 million. Guyana has been running the operation, known as the Guyana Bauxite Company Ltd. (GUYBAU), successfully and in its first full year returned a profit of \$13 million.

Guyana has become a moving force not only in Caribbean affairs, but in the Non-Aligned Movement, or the "Third World" countries. Guyana was the host for the first Caribbean Festival of the Arts, and was the site of

the most recent, largest attended Non-Aligned Conference.

In recent months, in addition to its free world diplomatic relations, has established diplomatic relations with the People's Republic of China, Cuba, East Germany, Poland and Russia.

Guyana is a member of the United Nations, and Observer status in the Organization of American States (OAS).

Guyana is considered one of the "Big Four" of the Caribbean, along with Jamaica, Barbados, Trinidad and Tobago, although it is located on the Northeast coast of South America.

Guyana is one of the members of the new Caribbean Economic Community, which begins August 1, 1973, and is designed to economically integrate Caribbean countries.

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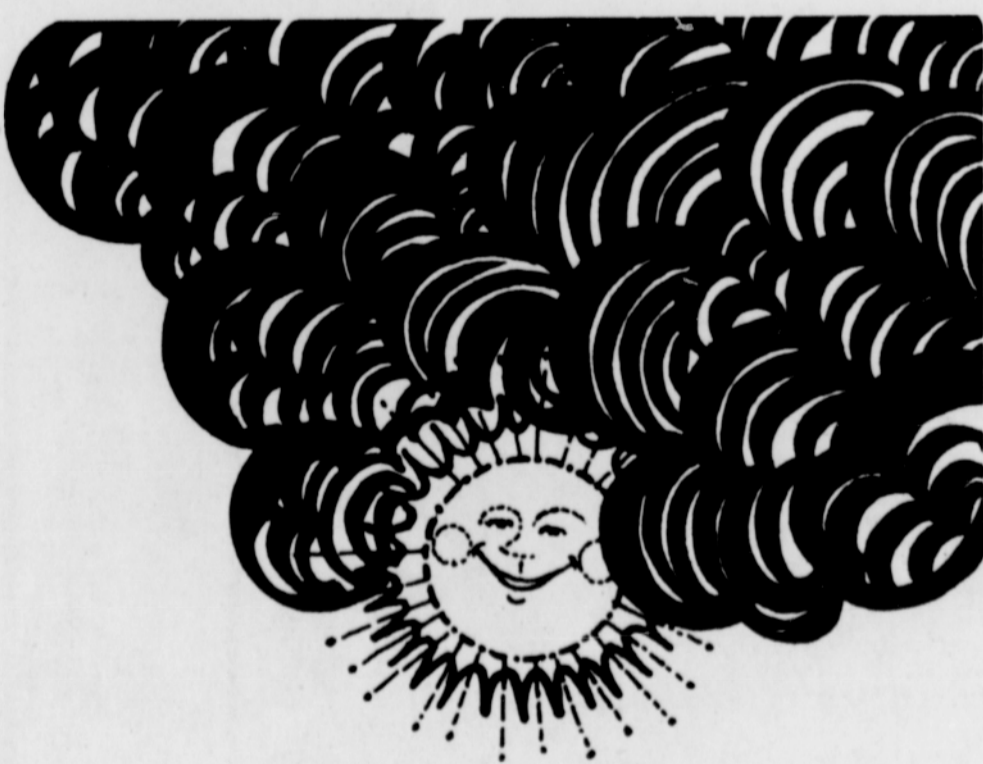
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This article was prepared by Charles Tate, executive director of the Cablecommunications Resource Center, 1900 L Street N.W., Washington, D.C. 20036.

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