

-46-

on the basis of his knowledge of his market.

"In the early days of motion pictures, exhibitors would not go to the expense of building theatres because there was no entertainment available to be shown in them. Therefore, in order to get the industry under way, a natural identity developed between producers, distributors, and exhibitors. This identity was an absolute necessity if the industry was to come into existence.

"At this stage in the development of subscription television, no company (which is truly independent) is going to invest in decoders if it does not control broadcast facilities, and if it is not able to assure itself that it will be able to make its own efforts to obtain programming by every means physically available. . . The problem of the infant subscription television industry is that even where entertainment is available, it has been withheld, so that it is naive to assume that a subscription television operator, at this stage, can sit in his office and expect purveyors of entertainment of top quality to come to him.

"Furthermore, in view of the obvious and manifest hostility of existing media toward subscription television, it is equally naive to suppose that commercial broadcasters in significant numbers will approach a detached subscription television operator--without his own broadcast facilities--for the privilege of showing an occasional subscription television program. if subscription television is to develop, it is Telemeter's considered judgment that it will have to be started by those in full control of every aspect of the subscription television business with no, or exceedingly few, limitations upon their ability to solve the multifarious problems which experience has shown they cannot avoid." (Emphasis in original)

132. The Joint Committee directs comments at another aspect of the question of monopoly in its reply comments. It states that STV proponents hold that the Commission cannot regulate STV rates to be charged subscribers. However, the Joint Committee says, it would be singular for the Congress to have intended that broadcast frequencies could be used for STV without at the same time having provided power to regulate rates to prevent rate gouging. It is for this reason, it is stated, that the Commission has no authority to authorize STV.

133. The Committee then goes on to say that if, as Zenith and Teco state, it is unlikely that there will be more than one STV system in any single market, then such an STV station would have a monopoly over STV in that community, and it would be unconscionable for the Commission to permit such a situation to exist without having the power to regulate charges. It would be an abdication of Commission responsibility, it is argued, to permit STV operators to use the frequencies and charge subscribers without clear Congressional