

- 67-

190. Without mentioning them by name, we note that other proponents have views similar to those mentioned in portions of the foregoing. However, we specifically mention Kaiser because of its reference to networking of STV programs. It states that the key to the success of STV lies in its ability to obtain programming that will be supported by subscribers, and that to prevent interconnection of STV operations in different markets or to prevent equipment manufacturers from engaging in program procurement or supply would be to impose severe restrictions in this vital area with no real evidence that they are necessary either to protect free TV or to prevent anti-competitive practices. One proponent, ACLU, holds the view that there should be a complete divorce of programming from other facets of STV operation because diversity is limited by monopolizing programming in the hands of those who control distribution, and diversity is broadened by developing new entrepreneurs in programming.

191. Among opponents of STV, ABC believes that the Commission should not presently adopt rules limiting equipment manufacturers or sellers or franchisees with regard to engaging in program procurement and supply for STV. It observes, however, that

"Although these combined functions may raise questions under the anti-trust laws, the questions are subtle and do not lend themselves to answers in the abstract. The sound course would be for the Commission to adopt no rule at this time and to await development of the subscription television industry."

AMST is of the view that although if such restrictions were adopted they would preclude certain groups from siphoning programming from free TV, they would not prevent siphoning itself. Finally, the Joint Committee, in order to minimize the risk to free TV, opposes any form of networking of STV programs or other types of multiple program purchase agreements.

192. Issue (7). Generally, comments favor traditional concepts of licensee responsibility, and most favor the requirements in proposed Section 73.642(e) for assuring licensee control. They are those required by the Third Report for trial operations, and suggested by Zenith-Teco for final rules, and it is stated that they would be adequate to insure licensee responsibility for STV station operations. Kaiser, however, believes that it is too early to decide on detailed restrictions because we do not yet know along what lines the program procurement process will develop. It might be along the lines of free TV with a network-station relationship, or it might be different and therefore call for more complete control by the licensee over operational details. Munn and Chase state that having rules on licensee control might protect licensees against outside pressures.