

advertising dollars, wouldn't you lower the quality of programing as you lower the potential for making a profit in a community?

Mr. CELLER. I do not quite understand fully the question but I can probably answer it partially.

The television rates are rather high, they are the highest of all advertising rates. I think they are too high. If they were in anywise lowered or could be lowered, if there were more competition, more stations, they probably would be lowered, it would give more opportunity for the smaller merchants to advertise their wares and in that sense you might attract more advertising over the airways.

Mr. BROWN. This is the problem I am citing.

We have some 460 station licenses, allocations made, where the stations have yet to go on the air for one reason or another. Now, I can imagine a lot of reasons. Perhaps they could not get the financing. But if it is such an attractive business based on the advertising dollar, I would think they would rush to get on the air, that bankers would be happy to finance such a profitable venture and we would have a greater opportunity to see more selections on free TV.

Mr. CELLER. Of course, the spectrum is limited and it may be to put too many stations on you blur the reception.

Mr. BROWN. No, sir; that is not the issue.

There are 12 available VHF channels on all the sets in my area and two or three communities that serve my congressional district that are communities of some size, half million, don't have more than two or three VHF stations and one or two UHF stations and there is an unlimited spectrum it seems.

Mr. CELLER. It may be so that the additional TV would not pay in that area, I don't know. There may not be enough advertising. How would pay TV help? Pay TV has to go into a very large market or major market.

Mr. BROWN. What I am suggesting, sir, and this is where I want to get the response, is that if it is because they would not pay as commercial stations with sponsored programs, because there are only so many advertising dollars, it might be that we could get more stations on the air if we could put them on as a subscription station.

Mr. CELLER. I don't think so. I think we would have the opposite because the market is not sufficient to be tapped to get enough to support a pay TV operation. It would not have an audience where there would be a mass appeal, not enough population probably in that area. Over-the-air pay TV, with its great initial investment, must appeal to vast numbers, large numbers, otherwise I don't think it would pay.

Mr. BROWN. Thank you, sir.

Mr. CELLER. And presently, I am told by my aide here, the franchises and potential applications for pay TV are in the leading major markets, not in the small areas.

Mr. MACDONALD. Congressman, thank you very much for being here. We appreciate hearing from you.

Mr. CELLER. Thank you, gentlemen.

Mr. MACDONALD. We now have the gentleman representing ABC.