

proposes to fix the age of feature films and the extent to which sports may be broadcast and to outlaw for pay television use certain series programs with on-going plots or continuing casts.

We are strongly of the belief that Congress has not given the Commission supervisory control of programs nor has Congress intended that it engage in excessive day-to-day supervision of broadcasters. Moreover, we know of no meaningful way in which rules or regulations could be devised which would afford free television effective protection against siphoning.

In an attempt to protect the public from loss of service and the free television system from serious impairment, the Commission's Subscription Television Committee also proposes to restrict pay TV to communities within the grade A signal range of five or more commercial television stations and to limit pay TV to one station in each community. Thus, pay television would be made available principally in the larger urban areas of the country. However well motivated, this would be discriminatory and unfair to the less-populated parts of the country.

In the interest of protecting free television from the impact of pay TV, the FCC also proposes to limit the number of franchises in any community to one; but in so doing, it would create monopolies. The inequities are obvious. Having created monopolies, there is an obvious need for regulation of rates; yet the Commission does not propose to regulate rates or to ask Congress for permission to do so.

These examples demonstrate that the moment an attempt is made to reconcile the interests of pay TV with those of free television, one is caught in a chain of consequences approaching a dilemma.

I should like to emphasize that we do not oppose pay TV because we fear competition. The FCC's policy of fostering competition was responsible for the creation of our company. The record will show that we have consistently supported competition in those areas which we believe are in the public interest.

We supported the all-channel receiver legislation which had as its purpose the long-range development of UHF stations and expanded competition among licensees and networks. The Congress is also aware of our support for a public television corporation, which as an independent broadcast service will compete with us for audience.

I am sure that all of us agree that constructive competition is the driving force behind the great forward movement of American business. But no rule of policy we know of favors the acceptance of destructive competition contrary to the public interest.

It is safe to assume that the advent of pay TV would affect the profitability of network operations. The ABC-TV network has been operating at a loss for several years. It would be unrealistic to assume that a reduction in the profitability of network operations would not be accompanied by a contraction of network endeavors in the news and public affairs and other areas.

It is indeed ironic that the issue of pay television, which has been largely dormant in recent years as a result of the successes of free television and the failures of the pay television trials, should be resurrected at a time when the American system of free television is on the edge of exciting new breakthroughs:

The advent of the communications satellite had made international television a reality and the era of global television lies just ahead;