

second highest income group (\$10,000–\$14,999). This amounted to \$121.5 million, or 41.8% of total negative net subsidies.

The net redistributive effect varies widely among the various product groups, with the food group leading with a net shift of \$69.1 million, followed by personal care, with \$41.1 million, and household operations, with \$41 million. A breakdown of the net subsidy by income bracket and redistributive effect by product is presented in Table V.

Comparisons with Other Systems

In the previous section we have shown how commercial television generates a substantial welfare effect in the United States through the redistribution of income. This *pure* commercial system, however, does not exist in other countries. In many cases the burden of expense connected with television programming is shared either by the Government or by viewing households which pay licence fees for the operation of television sets.

Potentially there are two additional types of *pure* television systems, namely pay television and a government-supported system. While pay television operates in the United States and in Canada on an experimental basis, the fully government-supported system rarely exists in non-Communist countries. A number of countries use a hybrid system.

The two most popular hybrid systems that exist in several of the more important television-viewing countries are: (1) the combination of commercial and licence fee system, and (2) the hybrid of a licence fee and government-supported system.

Great Britain operates a dual television system, consisting of the British Broadcasting Corporation (BBC) and the Independent Television Authority (ITA).¹ BBC is financed (1964) by a £4 (\$11.20) annual licence fee paid by television-set owners, and ITA programme companies are financed by revenues from the sale of advertising time and programmes.²

Assuming no differences in viewing pattern for BBC programmes among families in different income groups, the flat fee charged by BBC minimises and possibly completely removes the redistributive effect for this portion of programmes viewed by consumers. On the other hand, the ITA network tends to generate a redistributive effect similar to that found in the United States. It cost £133 million to support both the BBC and ITA television systems in 1963, £50 million and £83 million, respectively.

As noted earlier, the net redistribution towards lower-income families in the United States in 1963 represented approximately 18% of aggregate

¹ In 1963 there were approximately 12.6 million television sets in operation almost all of which were licensed to receive BBC broadcasts. In that year 47.5% of the 14.4 hours of weekly viewing per family was tuned in on the BBC network, with the remainder receiving ITA programmes (*BBC Handbook, 1963*).

² For the fiscal year ended March 31, 1964, BBC received £32.6 million and expended £34.8 million, leaving a deficit of only £2.2 million.