Limiting subscription television to over-the-air UHF facilities will provide economic support to these UHF stations—assuming subscription television is successful. This will result in the public not only obtaining a subscription service, but also additional free service. For the UHF stations engaged in subscription television service will not do so on a ful-time basis. When not broadcasting the subscription service, they will be providing free television service which in part will be subsidized by revenues from the subscription programing.

On the other hand, use of subscription television by CATV systems will not carry this collateral benefit. CATV sells every facet of its service; it provides nothing for nothing.

Should Congressman Dingell's proposal which would limit television on the basis of FCC jurisdiction in this area and which would effectively prohibit it by being utilized by over-the-air facilities, this proposal would not eliminate the possibility of purely wire, intrastate pay television operations outside the jurisdiction of the FCC and probably subject only to limited and ineffectual regulations by the State and local communities.

Thus you have the problem of siphoning and consequent deleterious effect on local stations.

I would rather see it come within some Federal regulatory scheme under FCC jurisdiction and the supervision of the Congress than leave it to a purely ad hoc State-by-State regulation of intrastate wire systems.

Additionally, and perhaps from the standpoint of the public the use of subscription television by wire systems will not provide the maximum benefit to the public because on a CATV system there will be no means by which that subscription television service can support a free TV service. CATV systems charge for everything they provide regardless of its source and therefore we feel that a strong public interest determination with respect to pay TV as it is now proposed is its ability to provide an economic base for new and additional free television service.

This is why we feel that to promote free service, subscription service should be limited to the use by the ultra high frequency stations.

That concludes my statement, Mr. Chairman.

Mr. MACDONALD. Mr. Broyhill.

Mr. BROYHILL. What do you mean by this last sentence? You say that CATV provides nothing for nothing.

Mr. FIRESTONE. That is correct. Their service is a pure pay service. There is no, shall we say, free service provided.

If you don't pay, you don't get a service, period. If you put subscription television on CATV, since you have to pay for all services, pay TV is not going to generate income which will provide additional free service. That revenue will not flow to a local station which may be carrying subscription television for 3 or 4 hours a day and doing free programs the rest of the time as they did in Hartford.

Mr. BROYHILL. As I understand your position, you are in favor of subscription TV but through another route, through another way of doing it than through the proposed rules that we have seen published.

Mr. FIRESTONE. Our membership agrees that the rules are ineffectual, that they are totally incapable of being properly enforced, and