

given access to these two studies, to make a determination as to the effect of public needs on future policies; it would preclude recommendations from the Executive Branch that may follow from its own study. It would deprive the Commission, itself, of the opportunity to apply the findings of its own study.

Furthermore, ADA submits that there are major defects in the Committee's assumptions and findings, cited later in this argument.

SPECIFIC ARGUMENTS

ADA believes that many of the defects of the Committee's proposal stem from underlying assumptions which are often not identified or evaluated in the public interest. For the sake of brevity and conciseness, ADA arguments are addressed to those assumptions as well as to specific provisions of the proposed regulations.

STV as a "beneficial supplement" to commercial broadcasting: ADA considers this basic premise of the Committee's Report to be fallacious. Educational programming was also first regarded as a "beneficial supplement" to commercial broadcasting; it required twenty years of experience to learn that the two were incompatible, and required separately licensed channels. FM channels were regarded as beneficial supplements to AM; only recently, the two services have been severed to permit development of their individual capabilities for diversity in the public interest.

Separate channels: STV operations can be profitable on fractions of one per cent of sets-in-use. This economic fact contravenes all of the economic and profit principles of the commercial broadcaster who can produce greater revenues by advertiser-payment mass programming, and who cannot accommodate such STV audience flows into his advertising programming. Under commercial broadcaster control, therefore, there will be no incentives for specialized audience programming to students, cultural interests, vocational groups such as doctors and technicians, etc., possible on a full broadcast day schedule. This situation illustrates only one of the irreconcilable conflicts that flow from authorizing STV for commercial licensees, as opposed to licensing STV in exclusive channels, like educational broadcasting. The conflict of interest is irremediable, because it flows from the commercial broadcasters' and networks' revenue, profit, and economic incentives. These incentives compel the commercial licensee to:

1. Maximize the audience for each program.
2. Maximize the advertising rate per thousand audience.
3. Stabilize both his audience deliveries and rates.

He can accomplish these objectives by:

- a. Striving to minimize the number of channel choices available to his potential audience, on-the-air or by cable.
- b. Opposing and delaying the activation of new bands, channels, and services which may erode his audiences, whether educational, CATV, or "public"—paid or free.
- c. Acquiring or controlling his program sources of supply (film, sports, talents, etc.) as well as all channels to markets (syndication, records, foreign, etc.).
- d. Acquiring the political, legal, economic, and journalistic capabilities to accomplish the above objectives from growth through multiple station acquisition, supply and marketing integration; employing these capabilities to influence the Congress, the FCC, and public opinion.

The principles of *common carrier structure and regulation*, which have been imposed on all other public communications systems like the telephone and postal systems, carry with them beneficial incentives to operate in the public interest. The common carrier's profits and stability are a function of the number and total capacity of his systems, since his earnings are fixed by return on investment or revenue. The common carrier is therefore ceaselessly striving to promote new, improved, and lower-cost services to communicators in order to maximize the channel capacity on which his profits are based. ADA believes that common carrier principles are not only the best, but the *only* system which can protect and advance the public interest in STV and other public electronic communications.

Perhaps the most disastrous effect of authorizing STV in commercial channels will be to create huge economic vested interests in the perpetuation of the control of *all* public payment electronic communications, whether broadcasting, data processing, banking and retailing, of electronic equivalents of newspapers and magazines, by private, virtually unregulated carriers. A public pol-