

yet the President has the possibility of controlling ultimately the expenditure of that money. To me, that removes the eminent trustees of the Public Broadcasting Corporation from congressional control, but does not necessarily free them from administrative control by the President.

Now, if I can go to one other point, it is suggested that if we had the operation financed by the taxation on gross revenues of commercial broadcasters, that "a large share of such a tax would be passed on to consumers through increases in the price of products advertised on the broadcast media." Where are you suggesting that the other share besides the larger share would come from?

Mr. CAREY. I would like my colleague from the Treasury to try to answer that one.

Mr. BRANNAN. I might call your attention to the fact that we say simply that it is possible that a large share of such a tax would be passed on in this way.

Mr. BROWN. Under what circumstances is it possible?

Mr. BRANNAN. It might affect the price charged by TV stations, or it might be absorbed to some extent by the advertisers, or it might be shifted on in the price of the advertised products. These are questions that would depend on the market structure in those cases where some further long-run study would be appropriate, if we wanted to say more about it.

Mr. BROWN. I would like to submit to you, sir, without trying to develop the point—because we apparently are anxious to hurry on to the next witnesses—that any business operation, whether it be a commercial television station, a radio station, or an advertiser on that station, that is unable to pass on additional taxes to the consumer isn't likely to stay in business too long because his profit shrinks and he will leave the field in the face of competition that is making a better profit.

I can't see how you can suggest that a large share or any share of a tax is going to be passed on. It is probably all going to be passed on, in point of fact. It seems to me rather practical business.

Mr. CAREY. I don't know that we can predict that. It may well be that some part of this might be borne as a goodwill item, an expense of business goodwill.

Mr. BROWN. Let's go to the final point I would like to pursue with you at some length, but apparently will not be able to do so.

If the Federal Government is in some financial difficulty and has priority problems, as was suggested by the gentleman from Michigan, of which this may not rank very high, if the burden, as suggested by the gentleman from North Carolina, on the manufacturers of television sets and on the consumer is too heavy for practical application, I am surprised that you haven't suggested the possibility of a pay television arrangement with ETV. Is this practical?

Mr. BRANNAN. I have not studied that in particular detail. It is probably worth looking at.

Mr. CAREY. I think if I could comment a little bit, Mr. Brown, I don't know that we have ruled that out for all time as an alternative, but at the present stage, giving you a personal reaction for what it is worth, what we are trying to do and what we thought Congress wanted to do in enacting this important legislation was to maximize the improvement in quality of public broadcasting, and to do it in a way that it