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90-29 AMENDING THE COMMUNICATIONS ACT OF 1934

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HEARING
BEFORE THE
SUBCOMMITTEE ON
COMMUNICATIONS AND POWER
OF THE
COMMITTEE ON
INTERSTATE AND FOREIGN COMMERCE
HOUSE OF REPRESENTATIVES

NINETIETH CONGRESS

SECOND SESSION

ON

H.R. 15986

A BILL TO AMEND THE COMMUNICATIONS ACT OF 1934 BY
EXTENDING THE AUTHORIZATION OF APPROPRIATIONS
FOR THE CORPORATION FOR PUBLIC BROADCASTING

MARCH 27, 1968

Serial No. 90-29

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AMENDING THE COMMUNICATIONS ACT OF 1934

WEDNESDAY, MARCH 27, 1968

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COMMUNICATIONS AND POWER,
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to notice, in room 2361, Rayburn House Office Building, Hon. Torbert H. Macdonald (chairman of the subcommittee) presiding.

Mr. MACDONALD. The hearing will come to order.

This morning we are holding hearings on H.R. 15986, which would amend the Public Broadcasting Act of 1967 so as to postpone from 1968 to 1969 the authorization for the appropriation of \$9 million to support the Corporation for Public Broadcasting until it can be sustained by a permanent plan for financing.

(H.R. 15986 and departmental reports thereon follow :)

[H.R. 15986, 90th Cong., second sess.]

A BILL To amend the Communications Act of 1934 by extending the authorization of appropriations for the Corporation for Public Broadcasting

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraphs (1) and (2) of section 396(k) of the Communications Act of 1934 are each amended by striking out "1968" and inserting in lieu thereof "1969".

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., March 27, 1968.

HON. HARLEY O. STAGGERS,
*Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives,
Washington, D.C.*

DEAR MR. CHAIRMAN: This is in response to your request for our views on H.R. 15986, a bill to amend the Communications Act of 1934 by extending the authorization of appropriations for the Corporation for Public Broadcasting, introduced March 14, 1968.

H.R. 15986 would change the authorization enacted in the Public Broadcasting Act of 1967 from fiscal year 1968 to fiscal year 1969. This is necessary because the Corporation is only now being organized and getting underway.

The Bureau of the Budget recommends favorable consideration of H.R. 15986 and its enactment would be in accord with the program of the President.

Sincerely yours,

WILFRED H. ROMMEL,
Assistant Director for Legislative Reference.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
Washington, D.C., March 21, 1968.

HON. HARLEY O. STAGGERS,
Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: This letter is in response to your request of March 15, 1968, for a report on H.R. 15986, a bill to amend the Communications Act of 1934 by extending the authorization of appropriations for the Corporation for Public Broadcasting.

This bill embodies the legislative proposal contained in a draft bill submitted by this Department to the Congress on March 11, 1968. For your convenience a copy of the letter to the Speaker of the House briefly explaining the proposal is enclosed.

We urge early enactment of this proposed legislation.

The Bureau of the Budget advises that enactment of this proposed legislation would be in accord with the program of the President.

Sincerely,

WILBUR J. COHEN,
Acting Secretary.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
Washington, D.C., March 11, 1968.

HON. JOHN W. MCCORMACK,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Enclosed is a draft of a bill to amend the Communications Act of 1934 by extending the authorization of appropriations for the Corporation for Public Broadcasting.

In view of the delay in the initiation of the Corporation's activities, it is unlikely that it would need or be able to use any appropriated funds this year. We anticipate, however, that it will begin to need and be able to use such funds in fiscal year 1969.

The enclosed draft bill would take cognizance of this situation by substituting for the present authorization of \$9,000,000 for fiscal year 1968 an authorization of a like amount of appropriations for fiscal year 1969. As the President indicated in his Message on education, we will be working with the Secretary of the Treasury, the Director of the Bureau of the Budget and the Board of Directors of the Corporation for Public Broadcasting, as well as appropriate Congressional committees, to formulate a long-range financing plan.

We should appreciate it if you would refer the enclosed draft bill to the appropriate committee for consideration.

We are advised by the Bureau of the Budget that enactment of this bill would be in accord with the program of the President.

Sincerely,

WILBUR J. COHEN,
Acting Secretary.

FEDERAL COMMUNICATIONS COMMISSION,
Washington, D.C., March 22, 1968.

HON. HARLEY O. STAGGERS,
Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your letter of March 15, 1968 requesting the Commission's comments on H.R. 15986, a bill to amend the Communications Act of 1934 by extending the authorization of appropriations for the Corporation for Public Broadcasting.

When your Committee was considering S. 1160, which became the Public Broadcasting Act of 1967, the Commission supported the creation of the Corporation for Public Broadcasting and the provisions of the bill relating to it.

H.R. 15986 substitutes for the present authorization of \$9,000,000 for expenses of the Corporation for fiscal year 1968 an authorization of a like amount of appropriations for fiscal year 1969. It also substitutes for the fiscal 1968 restriction to \$250,000 of appropriated funds for payments under any grant or contract

made by the Corporation for any one project or to any one station a like restriction for fiscal 1969.

We understand that these amendments are technical in nature necessitated by the delay in the nominations of the directors of the Corporation and the consequent delay in its organization.

The Commission therefore has no objection to enactment of H.R. 15986.

Sincerely yours,

ROSEL H. HYDE, *Chairman.*

Mr. MACDONALD. In his education message to the Congress dated February 5, 1968, President Johnson stated:

I am asking the Secretary of Health, Education, and Welfare, and the Secretary of the Treasury, the Director of the Bureau of the Budget, all of whom have been studying this problem since the law was enacted, to work with the Board of Directors of the Corporation for Public Broadcasting and the appropriate committees of the Congress to formulate a long-range financing plan that will promote and protect this vital new force in American life.

Because of the importance of the long-range plan of financing, and the Interstate and Foreign Commerce Committee's involvement in the Public Broadcasting Act of 1967, we would expect to receive assurance, which I am sure we will get today, from the representatives of the Departments of Health, Education, and Welfare, and the Treasury, and the Bureau of the Budget that the House Committee on Interstate and Foreign Commerce is an "appropriate committee of the Congress" within the meaning of the President's message.

We would also like some indication from those representatives on how they intend to work with this committee in formulating a long-range financing plan for the corporation.

Unfortunately, the Chairman of the Board of Directors of the Corporation, the Honorable Frank Pace, Jr., is hospitalized and cannot appear before the subcommittee today. However, the subcommittee is fortunate in having in his place the Honorable Joseph D. Hughes, of Pittsburgh, Pa., who is a member of the Board of Directors. He is a governor and vice president of T. Mellon & Sons, and is also co-chairman of the Pennsylvania Committee for Public TV.

If Mr. Hughes will come forward, I understand he is accompanied by a gentleman who is well known to us, and who is a great friend of our very distinguished chairman of the full committee.

We welcome you both. I am sure Chairman Staggers would like to say a few words in welcoming you both.

Mr. STAGGERS. Thank you very kindly, Mr. Macdonald.

I would like to welcome Mr. Hughes and Mr. Stephen Ailes to the committee. As Chairman Macdonald has said, Mr. Hughes is a renowned banker from Pittsburgh, with a name we have known for many years to be associated with money, the Mellon interests.

I would like to welcome Stephen Ailes, who is one of our distinguished West Virginians. He is the grandson of one of the great and distinguished Governors of our State. He is also former Secretary of the Army of the United States.

We are happy to have both of you. We are especially happy to welcome Mr. Ailes because I have known him, his family, and all of his relatives, who live in my district, close by my hometown at Keyser. They live in Romney. Steve now is a member of the law firm of Steptoe & Johnson.

We do welcome both of you to be witnesses on what I consider to be an important subject that affects all America.

Thank you, Mr. Chairman.

STATEMENT OF HON. FRANK PACE, JR., CHAIRMAN, BOARD OF DIRECTORS, CORPORATION FOR PUBLIC BROADCASTING, PRESENTED BY JOSEPH D. HUGHES, MEMBER, BOARD OF DIRECTORS; ACCOMPANIED BY STEPHEN AILES, COUNSEL

Mr. HUGHES. Mr. Chairman and members, we regret that Mr. Pace could not be here to present this statement to you this morning. He underwent major surgery last Thursday for kidney stones, from which he is recovering quite nicely. It appears, however, that a period of convalescence of several weeks will occur before he is back in harness and able fully to resume a role in the Corporation for Public Broadcasting.

The statement which I will present in his behalf was worked out with Mr. Pace by telephone, and is his statement. It is as follows:

Mr. Chairman and members of the subcommittee, it is a great pleasure for me to have this opportunity to present to you my views on the proposed bill authorizing appropriation of funds for the Corporation for Public Broadcasting for the fiscal year ending June 30, 1969.

Before turning to the bill itself, I want to pay tribute to the significant role that members of your subcommittee played in the legislative process which resulted in the Public Broadcasting Act of 1967 and thus in the creation of the Corporation for Public Broadcasting.

I am very pleased to report that the necessary incorporation papers will be filed today and the Corporation formally established as a nonprofit corporation in the District of Columbia. I look forward in the next weeks to the first formal meeting of the Board of Directors, of which I have the honor to be Chairman.

My fellow Board members are distinguished Americans, some with backgrounds in television and radio, and others with broad experience in other aspects of government, education, business, and cultural affairs. As I do, they come to this new and exciting venture with a deep sense of purpose and with an openmindedness as to how we should function to carry out the broad intent of the legislation.

It was the desire of both the President and the Congress that this corporation be independent in practice as well as in theory. In my judgment, there is no better guarantee of this than the men—and the lady—who were chosen to be the incorporators and first Board of Directors. They are people of stature and ability who have already made great contributions to American life. It is clear that they take this new responsibility most seriously and, working closely with the Congress, will strive to see to it that the Corporation achieves the great goals set by the legislation.

The opportunities and responsibilities facing this new instrumentality are enormous. We are all aware that television is an immensely powerful technology—new in any relative sense and growing steadily more influential. We all seek to bring this technology into the full service of man and to do so within the framework of our creative free society. At the same time, we are aware that the older institution of radio remains a vital and progressive force in American life, deserving of the attention of the Corporation for Public Broadcasting.

Since the Board has not formally met, I cannot speak for the directors as a body. But in the weeks since the President's nomination, I have talked with many of its members and with many other people who have assessed the nature and purpose, as well as the experience of television to date. I have sought their advice on what we should do and how we should go about doing it.

My own view of the immediate future is clear. While I do not want to disappoint any of the short-range hopes held by many for this Corporation, it would be equally dangerous to encourage false hopes that dramatic new departures in broadcasting are going to be achieved overnight.

We shall move carefully—some may say cautiously, but nevertheless, our mandate from the Congress requires us to begin the first steps of the journey.

For example, it is clear that one of our main long-term functions will be to strengthen the programming available to public television. It is also clear that this is to be done mainly by strengthening local stations, providing them with more choice in what they present, while at the same time helping them to maintain their independence. We hope to learn much from what others have done in

this field, but we shall undertake our own analyses and arrive at our own conclusions as we move toward our first programming efforts.

At the start, we shall deal with the basic matters of organization of the Corporation, and begin by laying a pattern for our first year's operations with modest objectives that can reasonably be met.

Of first priority will be recruiting a staff of the highest quality and experience. In this process, the enactment of this legislation by the Congress would be a vote of confidence in the Corporation and would increase the Corporation's ability to obtain the kind of men we will need on a long-term basis. It would undoubtedly also assist our efforts to obtain financial support from the private sector.

Therefore, I urge that your committee approve the pending bill. I can assure you that we will spend carefully and will not build up a staff out of proportion to our needs. As I have said, as the hearings emphasized, and as the quality of men on this Board guarantees, the Corporation will be independent. By the same token, however, we look forward to working closely with the Congress and with your committee and your subcommittee.

I hope and expect that the way we organize and operate this Corporation in its initial stages will give you confidence in what we will do in the future. Regardless of how the long-term financing is worked out, I have no doubt that the Corporation must continue by its activities and by its successful operation to persuade the Congress that this unique new instrument is serving the great purposes of the Public Broadcasting Act of 1967.

Mr. Chairman, I very much regret not being personally present today to give you my views on the pending bill. I urge its approval so that we may go forward with the beginnings of this worthwhile venture.

This Corporation, properly operated, can give real meaning and substance to the American dream; improperly done, it is without value. I commit to you for this effort the very best that I and my distinguished colleagues can give.

Mr. MACDONALD. Thank you very much, Mr. Hughes.

Do you have comments of your own that you would like to put forth at this time?

Mr. HUGHES. One very important comment, Mr. Chairman, which is timely.

As of this moment, I believe, the Corporation is now in being. The papers were filed this morning and we are informed that the charter has just been granted. So as of this very moment, in no more appropriate a place to make the announcement, than here, we are now a body corporate and legally in existence.

Mr. MACDONALD. I have just one question. I am not quite sure why the Board hasn't met up until this time. Would you give us some information about that?

Mr. HUGHES. Yes, I would say, Mr. Chairman, that we had an informal meeting following the hearings before the Senate Committee on Confirmation. At that time, one step was taken. Dr. Killian was designated as Acting Vice Chairman, pending formal incorporation.

We did have discussions, informally, again as to future meetings, a possible course of action, staffing. So we have had the single meeting hoping that the Chairman would be back on his feet. Regrettably, his condition turned the other way and surgery followed.

Mr. MACDONALD. Thank you, sir.

Mr. KORNEGAY?

Mr. KORNEGAY. Thank you, Mr. Chairman.

Mr. Hughes, it is nice to see you here today.

So that I would know and perhaps the House would know when we get this bill over on the floor, a little bit about what has transpired between the time the law was enacted in November of last year and the present time, I am sure somebody will ask the question, will you fill us in and tell us what has been done in addition to your state-

ment that the corporate charter was issued today? How has your organization gotten along and what do you plan for the next year?

Mr. HUGHES. Mr. Kornegay, of course, most of that time was taken up in the selection and nomination of the one lady and 14 men who constitute the Board of Directors-designate of the Corporation, and also in the naming of the Chairman who, under the bill, is to be named by the President for the first year. The President nominated Mr. Pace for this. He assumed that role. He immediately began a series of consultations with other people actively engaged not only in public television, but commercial television, meeting with them, and discussing his concept of the future of this Corporation, how it should be activated, possible staffing, possible location, building availability, and those things which normally enter into the formation of a business enterprise. Public television is business, albeit a modest one compared to commercial television.

I think at the present time, Mr. Kornegay, we have 149 educational stations in the country. As of last week, that number was 147. Two stations came onstream in Vermont. As I recall the figures, their operating budgets approximate \$70 million each year.

I can speak with greater familiarity with our own station in Pittsburgh, Station WQED, which was the first community educational station formed in the country. The first station came on the air at Houston. WQED in Pittsburgh was the first community station.

We operate under a budget of approximately \$1.5 million per year. We have broad-based public support, a house-to-house canvass which yields almost \$400,000 on a yearly basis for the budget of this station. It is one of the best supported public enterprises we have in western Pennsylvania.

Like all stations, although it is considered one of the big 8, WQED needs to expand its programing activities. It does have color compatibility, which not all stations do. It is in the process of erecting a new building headquarters with large studios at a cost of \$2 million, which has been provided from the private sector, and it is moving.

In Pennsylvania, we have nine stations, seven operating channels with nine channels, Pittsburgh and Philadelphia having two channels each. We badly needed interconnection in Pennsylvania. It is the Eastern blackout. We cannot today interconnect the nine stations in the Commonwealth of Pennsylvania for a single live broadcast without special arrangements. It costs \$14,000 a month to bring one 2-hour program into Pittsburgh each Sunday evening.

I am glad to say that the Governor of the Commonwealth has recommended to the general assembly in his current budget that \$1,300,000 be appropriated for this purpose, of which \$1 million will be an annual charge on a leasing basis for the facilities, and \$300,000 for the operation of the switching circuit.

Mr. KORNEGAY. You are talking about Pennsylvania?

Mr. HUGHES. Pennsylvania; just the nine stations.

Mr. KORNEGAY. Let's move from there into the national scene under the Public Broadcasting Act of 1967. How much money has been appropriated by the Appropriations Committee for the fiscal year 1968?

Mr. HUGHES. None, Mr. Kornegay.

Mr. KORNEGAY. You expect, then, to get no money from the Federal Government in 1968?

Mr. HUGHES. That is correct.

Mr. KORNEGAY. The purpose of this bill, H.R. 15986, is to authorize \$9 million, exactly the same figure that was actually authorized in the original bill for 1968?

Mr. HUGHES. That is correct.

Mr. KORNEGAY. But for which no money was actually appropriated.

Mr. HUGHES. That is correct. It moves the authorization from fiscal 1968 to fiscal 1969.

Mr. KORNEGAY. I know you probably haven't gotten far enough in your corporate organization and in your planning to determine approximately how much you are going to need. Of course, that is certainly more properly a question for the Appropriations Committee than for this committee.

Do you feel that an authorization of \$9 million would be sufficient insofar as the Federal Government's participation is concerned?

Mr. HUGHES. I do, Mr. Kornegay. In addition, we have private contributions which have been announced of over \$2 million for the Corporation, \$2,125,000 as I recall the figure.

Mr. KORNEGAY. Are those contributions contingent upon the Federal Government's coming through again in 1969 or coming through in 1969 with an appropriation?

Mr. HUGHES. I think no. They are outright grants.

Mr. KORNEGAY. There are no strings attached?

Mr. HUGHES. That is correct.

Mr. KORNEGAY. Would it be helpful to the Corporation in soliciting contributions to have this authority from the Federal Government for the coming year?

Mr. HUGHES. I think it is indispensable. It is necessary that we have it.

Mr. KORNEGAY. Is there certain money available which could be made available in the event that the Federal Government authorizes and appropriates money to assist in the operation of the Corporation in 1969?

Mr. HUGHES. Yes. I think the commitments which have been announced, the \$2,125,000, could be made available immediately. They have been held up pending the organization of the Corporation.

Mr. KORNEGAY. Maybe my question was not too well phrased. Would it help you in raising money if the Government participates? Is there money available on a matching basis?

Mr. HUGHES. It certainly will, indeed.

Mr. KORNEGAY. I think that is all I have. Thank you very much.

Mr. MACDONALD. Mr. Brotzman?

Mr. BROTZMAN. Thank you, Mr. Chairman.

I would understand that by virtue of the questions, you want to just move the authorization from fiscal year 1968 to fiscal year 1969. This presentation, I understand, has already been made to the Senate. Is that correct?

Mr. HUGHES. The Senate has passed the authorization, I believe, Mr. Brotzman.

Mr. BROTZMAN. I note a report here, but it is your recollection that they have already passed this particular measure on the Senate side.

Mr. HUGHES. Yes.

Mr. BROTZMAN. To follow up with just one or two questions asked before, do you know how the Broadcasting Corporation, the Public

Broadcasting Corporation, is going to address itself to the question of long-range financing? Are you going to have a subcommittee working on this problem?

Is the entire Corporation going to be doing it? When are you going to get started?

These are the kinds of questions I have in mind.

Mr. HUGHES. And very valid questions. Mr. Brotzman.

I would assume that a subcommittee of the Board, a finance committee, will be constituted, as is normal corporate procedure, and that will concentrate on the financing side. It is my understanding that we have other witnesses here today who will speak more specifically on the method of financing, both from the Treasury, HEW, and the Bureau of the Budget. But it is undoubtedly the case that we will have constituted a finance committee from the Board.

Mr. BROTZMAN. And the rest of it, I would hope, is going to be constituted in the very near future; is that correct?

Mr. HUGHES. We are waiting for today, Mr. Brotzman. Regrettably, for Mr. Pace's illness, which has set us back, but Dr. Killian has been named vice chairman on an ad hoc basis and will be able to function legally in the absence of the chairman from this morning forward.

Mr. BROTZMAN. Thank you very much.

I have no further questions.

Mr. MACDONALD. Mr. Springer.

Mr. SPRINGER. Mr. Hughes, have you been filled in by the national education group on what took place in the passage of this bill?

Mr. HUGHES. I know the legislative history, Mr. Springer. I have not been filled in by that organization, as such.

Mr. SPRINGER. In other words, you are acquainted with the background of this?

Mr. HUGHES. Yes.

Mr. SPRINGER. May I say to you that if everything is run as WQED is in Pittsburgh, we would have no trouble with anybody. We are hoping that we won't have any difficulty under any circumstances.

But I think we ought to be clear on what was sort of intended, I think, when we got this thing together.

First of all, as you know, the Public Broadcasting Act of 1967 provided for three titles. Title I provided for money from the Department of Health, Education, and Welfare to do something. Title III provided for HEW to do something else. Title II did not provide for HEW to do anything. You understand that. You are independent.

Mr. HUGHES. That is correct.

Mr. SPRINGER. You are not dependent upon anybody except an appropriation from this body.

Mr. HUGHES. Correct, sir.

Mr. SPRINGER. I think the President did an excellent job, and I have so told him, on the appointment of the Board. We have come up with a high-class Board. That is my opinion as of this date in 1968. I think you have about as good a Board as he could have drawn from one end of this country to the other.

Mr. HUGHES. Thank you.

Mr. SPRINGER. Therefore, being independent, your job, do you understand, is to produce the best programming that you know how within your capabilities?

Mr. HUGHES. I do understand that.

Mr. SPRINGER. I just want to be sure we have no misunderstanding about that.

The first thing you are doing to do is to recruit staff. How is this going to be done? I am not asking you who you are going to select, but how do you propose to go about this?

Mr. HUGHES. There has been a suggestion, Mr. Springer, by Mr. Pace that a committee of the Board would be a screening committee to interview candidates, determine their qualifications, and then to have it become a matter of action by the full Board.

Mr. SPRINGER. I am glad to hear that. I hope you will have no pre-conceived notions. I have no idea at this time of trying to impose the will of this committee. I hope you get as high-class a staff as you have a Board. Then you will satisfy me.

This Congress, may I say, and I am offering this not as extra advice because I think I know what the will of this committee is, hopes you get someone who can do a really good job, because the Congress is going to be watching this thing very carefully. This is going to be the most sensitive thing that I think this committee has created in all the time I have been here. If there is any more sensitive group than this, I don't know what it is. This was certainly the most controversial.

I would hope that the staff would be the very best that could be obtained. If this screening committee goes at it, you surely ought to come up with something that is really good.

May I come to the second matter. That is how do you propose to go about getting financial support from the private sector? You already have approximately \$2 million which you have described.

Mr. HUGHES. I think that is a matter, Mr. Springer, that will be determined by the Board. I can only carry forward the local efforts of the individual stations in reflecting what has been done.

In Pittsburgh, again referring to the station with which I am most familiar, we have a public, annual campaign which generates \$400,000 for operations. I am sure that, extrapolated to a national basis in support of the Corporation, it will be possible to obtain annual support.

I do not think it is possible to expect to have the future budgetary requirements of the Corporation underwritten in large chunks from limited sources. I frankly think that would be a mistake. This Corporation should be broadbased. There should be support from the public. It is public television. That should be in addition to the appropriated moneys from the Congress.

Mr. SPRINGER. At one time when Dr. Killian was before this committee, and I believe one of the Board members was here, they were talking about moneys from foundations. What is your philosophy on this?

Mr. HUGHES. I can only speak personally there, Mr. Springer. As a foundation executive, I am the head of the Mellon Foundation, and quite honestly I have been more accustomed in the field of public television to be on the giving end than the requesting end.

We have contributed several millions of dollars for public television. We have a deep conviction and dedication to this effort. So in that sense, I speak professionally and say that we have indicated a position and have backed that up to the extent of several millions of dollars.

Mr. SPRINGER. Your effort so far as I know has been good. I would hope that if you do get sizable amounts from Mellon, from Ford, from the Carnegie Foundation, that those would come with no strings attached except your best judgment on how this money ought to be spent. Is that about the philosophy you have?

Mr. HUGHES. I certainly do. I think it would be appropriate for a gift to be made for programing, let us say, but certainly not with any strings that would in any way inhibit the Corporation or its actions.

Mr. SPRINGER. I think that is a good policy to start out with. That certainly meets with my approval.

Mr. HUGHES. I could not agree more.

Mr. SPRINGER. I hope you will impress on your board of directors' friends that this Congress will be appropriating after this year. You will be back next year. We will be here to ask you what you have done and to give an account of your stewardship. For a few years, I think the Congress will want to know pretty intimately what is being done.

I can say that generally the Board has received good approval for the type of men you have. So far as I am concerned, I want to wish you every success.

Mr. HUGHES. Thank you.

Mr. SPRINGER. Thank you, Mr. Chairman.

Mr. MACDONALD. Mr. Harvey?

Mr. HARVEY. I apologize for coming in late, Mr. Hughes. I just want to inform you that I intend to vote against the particular bill. I don't want any reflection either on Mr. Pace or the other appointees, because I think the President did a very outstanding job in making his appointments.

On the contrary, I intend to oppose the bill for the same reason that I opposed it originally; that is, I think we are putting the cart before the horse. I think we ought to have the proper financing for public broadcasting before we get into the venture at all. I think that at this time in our history it is way down the line as far as priorities are concerned, as far as what else we are trying to do in America today. It doesn't reflect anything at all, however, either on Mr. Pace or the other appointees.

As I say, I think they are outstanding. I think the purposes that are attempted to be accomplished are good, as well.

Thank you.

Mr. MACDONALD. Mr. Hughes, since there has been discussion of the appointees, I think it speaks very well. Since neither Mr. Springer, myself, or Mr. Staggers knew who the appointees were, it might be appropriate to spell out in the record who the appointees are.

Mr. HUGHES. Frank Pace, Jr., has been named Chairman for the first year. Joseph A. Bierne of Washington, D.C., president of the United Electrical and Communications Workers of America; Robert S. Benjamin of New York, a New York attorney and chairman of the board of United Artists Corp.; Roscoe C. Carroll of Los Angeles, an attorney and general counsel of the Golden State Life Insurance Co.; Michael A. Gammino of Providence, president of the Columbus National Bank of Rhode Island and also chairman of the Metropolitan Opera Festival Foundation of Newport; Mrs. Hobby, of Texas, who is president and editor of the Houston Post, and along with Dr.

Killian served as a member of the Carnegie Commission; Sol Hause, of Seattle, chairman of the board of KRRO, a commercial station; Mr. Hughes of Pittsburgh; Erich Leinsdorf of Boston, the music director of the Boston Symphony; John D. Rockefeller III, chairman of the board of trustees of the Rockefeller Foundation; Carl Sanders of Atlanta, attorney and former Governor of the State of Georgia; Frank E. Schoolie of Champaign, Ill., director of university broadcasting at the University of Illinois; Jack Valenti of Washington, D.C., president of the Motion Picture Association of America; Milton S. Eisenhower of Baltimore, president emeritus, Johns Hopkins University; James R. Killian, Jr., of Cambridge, Mass., chairman of the corporation, Massachusetts Institute of Technology.

Mr. MACDONALD. Thank you very much, Mr. Hughes. I would like to say in passing that the Board of Directors has pretty good access to foundation money, I would think, and I hope the Board exercises its contacts with those groups.

Mr. Brown?

Mr. BROWN. I have no questions, Mr. Chairman.

Mr. MACDONALD. Mr. Broyhill?

Mr. BROYHILL. No questions, Mr. Chairman.

Mr. MACDONALD. Thank you both very much.

Mr. HUGHES. Thank you, Mr. Chairman and members of the committee.

Mr. MACDONALD. We shall hear next from our colleague, the Honorable Leonard Farbstein.

STATEMENT OF HON. LEONARD FARBSTEIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. FARBSTEIN. Mr. Chairman, this subcommittee has under consideration today legislation (H.R. 15986) authorizing \$9 million in program funds for fiscal 1969 for the Corporation for Public Broadcasting.

What this bill does is delay for 1 year the initial Government financing of educational broadcasting authorized under the Public Broadcasting Act of 1967. Like the 1967 act, it contains no provision for the long-term financing of educational stations.

H.R. 15986 is needed. It is essential that the Government provide short-term funds for educational programing. But left unresolved, is the more fundamental and controversial question of permanent long-term financing free from any one influence, either public or private.

The question is who should contribute to the long-term financing of public broadcasting. The answer will spell out the scope and independence of educational television and radio.

Mr. Chairman, I submit the commercial broadcasters in this country have an obligation to provide substantial financing for nonprofit educational stations. On February 8, 1968, I introduced a resolution (H.J. Res. 1079) directing the Federal Communications Commission to study the means and the extent to which commercial broadcasters can be required to provide such fundamental support. The resolution would have further put the Congress on record clearly supporting the view that commercial television and radio broadcasters should contribute substantially to the long-range financing of educational television and radio.

Mr. Chairman, this resolution is primarily a statement of policy. I believe the Congress should go on record favoring such financial support by commercial broadcasters for this public effort.

President Johnson, in his February message on education, stated that he was asking administration officials to work with the Board of Directors of the Corporation for Public Broadcasting in formulating a long-term financing plan. The President did not spell out the range of this work. I can only assume that the possibility of commercial broadcasters contributing will be considered. Communications from the Federal Communication Commission's Chairman, Rosel Hyde, indicate that in view of the President's announcement, the Federal Communication Commission does not deem it appropriate to take a position, nor to make a study of this issue.

Mr. Chairman, I support H.R. 15986 because it provides short-term financing for educational television and radio. However, I urge the members of this subcommittee to support the content of my resolution and ask that you express this support to the administration so that we may be assured that they will consider commercial broadcasters as a source of permanent financing for public education broadcasting.

Mr. MACDONALD. Thank you for your brief statement, Mr. Farbstein.

The next witness is Mr. William Carey, Assistant Director of the Bureau of the Budget, with two associates.

STATEMENT OF WILLIAM D. CAREY, ASSISTANT DIRECTOR, BUREAU OF THE BUDGET; ACCOMPANIED BY DEAN W. COSTON, DEPUTY UNDER SECRETARY, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE; AND GERARD M. BRANNAN, DIRECTOR, OFFICE OF TAX ANALYSIS, DEPARTMENT OF THE TREASURY

Mr. CAREY. I have Mr. Dean Coston, the Deputy Under Secretary of the Department of Health, Education, and Welfare; and Mr. Brennan, representing Assistant Secretary of the Treasury Surrey.

It is our understanding that the Subcommittee on Communications is interested in the status of planning for permanent financing of the Public Broadcasting Corporation authorized by Public Law 90-129.

I would like first to describe the administration's position on the interim financing bill now before you.

The purpose of H.R. 15986 is to authorize appropriations in 1969 instead of 1968 for startup activities of the Corporation for Public Broadcasting. Fiscal year 1968 is fast drawing to a close. The members of the Corporation have just been confirmed by the U.S. Senate, and incorporation is now arranged under the laws of the District of Columbia.

The Corporation will not be in a position to function fully until the fiscal year which begins next July 1. There was a general understanding when Public Law 90-129 was under review by the Congress that the appropriation authorization in the bill was an interim measure only, and that the Corporation should begin to operate before long-term financing was authorized.

The present law did not anticipate the unavoidable delays associated with enacting legislation and starting any such new enterprise. For these reasons, the administration recommends enactment of H.R.

15986 which will authorize appropriations to be made in fiscal year 1969.

Let me turn, now to the question of permanent financing for public broadcasting. The working out of a long-term financing plan for the Corporation requires the most thorough consideration. This is why the President has requested the Secretary of HEW, the Secretary of the Treasury and the Director of the Bureau of the Budget to work with the Board of Directors of the Corporation for Public Broadcasting and the appropriate committees of the Congress to formulate a long-range financing plan that will promote and protect this important new institution. As the President stated on signing the Public Broadcasting Act of 1967:

The Corporation will be carefully guarded from Government or from party control. It will be free, and it will be independent—and it will belong to all the people.

Television is still a young invention. But we have learned already that it has immense—even revolutionary—power to change, to change our lives.

In brief, we are asked to devise some means of providing funds for the Corporation that will, with the agreement of the Congress, minimize those aspects of the usual Federal budgeting and appropriations cycle which might restrict the free production of programs for this public media.

On the other hand, such a plan must also include some means for a public accounting at reasonable intervals, for use of public funds, and for decisions to be made as to the appropriate level of public interest for the ensuing period.

Another challenge is to provide sufficient sources of revenue to get the job done. Estimating the needed range of revenues requires the making of assumptions as to the quality and cost of producing program materials, the number of program "options" which are to be available, the number and capability of stations, the costs and extent of use of interconnection, and the amount of research, training, and other activities to be carried out. Given the rapidly changing technology, economics, population trends, et cetera, estimating for several years hence is extremely hazardous.

At the moment, it appears there are three principal techniques for providing Federal funds for public broadcasting. Each has its advantages and disadvantages and we in the executive branch have not yet formed a preference for any one or a combination of them.

These are: (1) a tax on television and radio sets manufactured; (2) a tax on gross revenues of commercial broadcasters; and (3) some special kind of "insulation" for general Federal revenues. The following paragraphs explore these alternatives.

NEW TAX ON TELEVISION AND RADIO SETS MANUFACTURED

This is essentially the Carnegie Commission proposal. The argument would be that purchasers of TV sets and radios will be the direct beneficiaries of public broadcasting. The tax would be collected from the manufacturer and hence relatively easy to administer.

On the other hand, it is possible that the level of expenditures for TV sets, currently about \$2 billion annually, may level off after the current conversion to color sets is complete. Thus, the tax revenues

would not keep up with the need unless there were periodic increases in the tax rates.

It can also be argued that people will not benefit from public broadcasting in proportion to the amount they spend on TV sets. And finally, such a tax would be regressive because low-income people spend a higher proportion of their income on television sets than high-income people and would, therefore, pay a higher proportionate tax.

A NEW TAX ON THE GROSS REVENUES OF COMMERCIAL BROADCASTERS

The rationale for a tax on gross revenues of commercial broadcasters would be that the frequency spectrum is a public resource to begin with, and that a portion of the economic returns from its commercial use can appropriately be dedicated to sharing the costs of public broadcasting. It is, of course, a statutory requirement under the Federal Communications Act that applications meet the test of public interest, convenience, and necessity. A gross revenue tax would be an extension of that well-established principle.

Gross revenues of radio and television broadcasters currently total about \$3 billion and have been growing nearly 10 percent annually. A tax on gross revenues would change over time roughly in proportion to changes in programing costs for the broadcasters. Thus, the revenue would grow and maintain a reasonable relationship to the financial needs of public broadcasting.

On the other hand, it is possible that a large share of such a tax would be passed on to consumers through increases in the retail price of products advertised on the broadcast media. The portion of the tax passed on would be highly regressive, since the products accounting for the largest share of broadcast revenues—automobiles, beer, cosmetics, nonprescription drugs, soap, and tobacco—account for a much larger proportion of expenditures by low-income and middle-income families than by high-income families.

USE OF GENERAL REVENUES

General tax revenues might legitimately be called on to finance public broadcasting on the grounds that there is a general benefit to the public from the activities of the Corporation. This approach, supported by classic public finance doctrine, would not exhibit the regressive tax tendency of the foregoing approaches.

On the other hand, some people would reject this approach on the grounds that general fund financing entails strict budgetary controls. Nevertheless, it is possible that the Executive and the Congress could work out some satisfactory arrangement that would permit review periodically but not annually.

For example—

Provide for paying of general fund revenues into a trust fund according to a statutory formula—perhaps related to the total number of public television and radio stations—and authorize appropriations for a 3-year period to be made all at one time.

Provide that all payments into a trust fund established by law would be paid automatically to the Corporation unless the Congress took negative action to prevent such payment.

Provide an automatic Federal payment to the Corporation in an amount equal to donations received by local stations, perhaps distributed in part on a matching basis and in part on an equalizing basis. This alternative would provide an incentive for increasing the share of non-Federal funds available for public broadcasting, thus making the Federal contribution more efficient.

Under each of these arrangements for using general revenues, the executive branch and the Congress would evaluate the requirements of the Corporation and assess the degree of Federal interest each 3 or 5 years.

I should also like to note other activities within the Government that may have a bearing on any public broadcasting financing plan.

As you know, several months ago the Ford Foundation proposed a system of domestic communication satellites that would markedly alter the economics of commercial broadcasting. Under that proposal, some amount of revenues would be made available to improve the programming of public broadcasting. This proposal is currently under consideration by the FCC, which has not, at this date, reached any conclusions. The Senate Commerce Committee has also held hearings on this proposal.

In addition, last August 14, the President announced a Task Force on Communication Policy under the chairmanship of Under Secretary Eugene Rostow, which is examining a number of major questions in the broad field of telecommunications, including a review of use of domestic satellites. This task force is scheduled to report late in the summer.

While we are uncertain as to the scope of the recommendations of the task force, it would appear the report may have some bearing in connection with the examination of ways in which new technology may change the operating patterns and costs of broadcasting distribution.

It is plain that we have some difficult issues still to work out. In his education message last month, the President took the position, as I noted earlier, that the long-range financing problem should not be resolved without further study and consultation. I cannot predict a quick answer, but I can assure you that the Bureau of the Budget and the Treasury and Health, Education, and Welfare Departments will pursue the alternatives carefully and consult with the congressional committees as the thinking crystallizes and work closely with the new Board of the Corporation.

Mr. Coston, of the Department of Health, Education, and Welfare, and Mr. Brennan of the Treasury Department, may wish to add to what I have said.

MR. MACDONALD. We would be happy to hear them, but before we do, I would like to have your thinking, as it comes up twice in your testimony—and my questions are friendly, not unfriendly—where you indicated that the Departments would consult with congressional committees.

I would like to know what congressional committee, except this one to authorize the bill, and the Appropriations Committee, would have anything to do with this bill.

MR. CAREY. I think, Mr. Chairman, you have identified the right committees. The only other possibility that occurs to me is that if the

executive branch were at some point to come forward with tax proposals, conceivably it might involve another committee in that jurisdictional area. But I can't predict what the proposals will be, and I would rather not try to nominate other committees.

Mr. MACDONALD. Yes, sir. But it is in your testimony. Therefore, I have to ask you about it.

Mr. CAREY. Yes, sir.

Mr. MACDONALD. Why would the tax committee have anything to do with public TV?

Mr. CAREY. I think, sir, there might be a feeling that any legislation involving special taxes would be of germane interest to that committee. That is a question I think probably to be settled up here. Whether we in the executive branch, as we developed specific proposals, would feel it necessary to engage in conversations with the Ways and Means Committee, I am simply not prepared to say this morning. I don't know, sir.

Mr. MACDONALD. It seems clear to me. I am just asking for information. I am not arguing with you.

Mr. CAREY. I would say this is the primary committee, Mr. Chairman.

Mr. MACDONALD. Right, and also the Appropriations Committee. I don't really understand the rather murky language you use about "appropriate congressional committees."

Mr. CAREY. I think that was mainly intended, sir, to indicate that probably more than one committee would be involved.

Mr. MACDONALD. You talk about user taxes. Do you think it fair that someone who purchases a TV set—and you indicate that low-income people are the heavier users of both the products that are advertised and of the sets themselves—do you think it is quite fair to charge everybody who has a TV set a user tax?

Mr. CAREY. To support public broadcasting?

Mr. MACDONALD. Yes.

Mr. CAREY. I think, sir, we generally have the feeling that user charges constitute a general policy that the Congress has long approved. We employ user charges in many areas.

Mr. MACDONALD. If I can interrupt, there is the highway bill, and so forth. Everyone who uses that road owns an automobile. But owning a TV set doesn't mean that they are going to use the facilities available that will hopefully be offered by the public TV concept.

Once again, I am not arguing; I am just trying to get your opinion. Do you think that is fair?

Mr. CAREY. I think relatively, Mr. Chairman, it is as fair an option for us to be considering together and debating as any of the others that we are speaking about. I would like my colleague from the Treasury Department to speak to this question, too, if he may.

These are the three primary alternatives that we have so far been able to drudge up. Every one of them has something wrong with it, and something right with it.

Mr. MACDONALD. Mainly, you have pointed out what is wrong with them, not what is right with them, if I read your testimony correctly.

Mr. CAREY. I think the right part of the tax on TV and radio sets would seem that it reaches and taxes the consumers of the public good that is being provided here. While there is a very strong contra-

argument that public broadcasting is a much more generalized good than it is an explicit good for the users and the owners of the receiving equipment, nevertheless, I think that it is a fair enough option and alternative to be very seriously considered, which we proposed to do in talking with you and with the Corporation.

Mr. MACDONALD. Then if I can paraphrase your words, that is why you used the word "appropriate committees," because you think maybe this should be before the Ways and Means Committee and not this committee?

Mr. CAREY. I think it would be before this committee first of all, Mr. Chairman, but I think if it came to a hard proposal, an explicit proposal, for such a tax, it could involve another part of the Congress. But, again, my colleague from the Treasury Department probably has his own views on that matter.

Mr. MACDONALD. I would like to hear him on this point.

Mr. BRANNAN. On the point of the committees?

Mr. MACDONALD. Yes, the jurisdiction.

Mr. BRANNAN. I make the point that this is merely a matter of the rules of the House on which we can only speculate on possible outcomes. In a similar situation, in highway trust fund financing, the Ways and Means Committee does not have jurisdiction over the highway decisions themselves, but under the rules of the House, it has been felt proper in the past to have them take action on the tax part of highway bills.

Mr. Boyd simply recognized that the House might come up with a decision that the Ways and Means Committee might deal with the tax portion of any bill that might be included in it.

Mr. MACDONALD. You use the word "might." Are you going to recommend that this be done?

Mr. BRANNAN. I suspect that we would try to anticipate what the House would do with the bill, if we were simply talking about which committee to talk with before we sent a message, if that was the kind of question.

Mr. STAGGERS. Will you yield for a question?

Mr. MACDONALD. Yes.

Mr. STAGGERS. I am sure both of you gentlemen are for this bill.

Mr. CAREY. Yes, sir.

Mr. STAGGERS. I would think your presentation this morning would indicate you are not trying to get it by this committee very well. If you are trying to get some "no" votes for it, you are going down the right road, when you are talking about taking away jurisdiction. It will have enough of a rough road now.

Mr. CAREY. I don't think it is our prerogative to take jurisdiction away from anybody.

Mr. STAGGERS. I think the administration better do a little more work and send some different testimony up here if they want this bill.

Mr. CAREY. The administration very much wants the bill.

Mr. STAGGERS. Then they better change their tactics. That is all.

Mr. MACDONALD. On page 2 of your very fine statement, I didn't really understand the language that says "minimize those aspects of the usual Federal budgeting and appropriations cycle which might restrict the free production of programs for this public media."

I can read the English language, but I don't know what that means. Would you explain it?

Mr. CAREY. I will be glad to try to do that, Mr. Chairman. I think what we are considering here in the way of a concept is a corporation which would have very broad latitude to develop programs of a high and useful quality, and what concerns everybody, as we have struggled with problems of long-range financing, is the problem of balancing the objective of really complete freedom of such a corporation on the one hand and the conventional sanctions and controls that normally go with direct Federal Government support and financing.

It is a kind of no-man's land there somewhere. We believe that the Congress and the President ought to, at intervals, certainly, examine and reappraise what is going on in public broadcasting. I think they have that responsibility.

Mr. MACDONALD. What is a better way to do just that than to take a look at how the funds are being expended?

Mr. CAREY. I think this is right.

Mr. MACDONALD. If you have an alternative, I would like to hear it.

Mr. CAREY. I think we are saying that as far as our thinking has gone, and certainly everything I am trying to say this morning comes under that title, as far as thinking has gone—it hasn't gone too far—we think that at this point the Congress and the Executive would want to decide the intervals at which they both would examine these activities, whether they be annual intervals, whether they be triennial or quintennial intervals, but not breathe so hard on the back of the Corporation at every decision.

Mr. MACDONALD. Traditionally, it does not go beyond 3 years. We are not about to give you an open-ended thing and say, "Okay, it is a great idea. Go ahead and do it," with no supervision over public funds. I am sure you would agree that that is correct.

Mr. CAREY. Mr. Coston might have some points on this, Mr. Chairman.

Mr. MACDONALD. I would be happy to hear from him.

Mr. COSTON. Mr. Chairman, I think you have identified one of the very key issues that was raised in the hearing when the bill was originally discussed. It was the question of how you strike a balance between insulation by the Corporation from unwarranted Government interferences on the one hand, and how you retain your stewardship and responsibility for proper use of tax moneys.

This committee, I think very wisely, did a number of things. First of all, they limited the authorization to 1 year, so that the committee would have a chance to take a look at it again, to see just how it got set up.

Second, the committee inserted extensive provisions requiring audit and oversight by the General Accounting Office, so that the GAO will continue to exercise responsibility for overseeing the financial activities of the Corporation.

At the same time, the committee went the other way in attempting to insulate the Corporation by first providing for a Board which could not be dominated by any political party. It prohibited the Corporation from engaging in political activities. It wrote in its committee report some very persuasive language which I would like to quote at this point. It said:

One of the fundamental reasons for establishing the Corporation is to remove the program activity from governmental supervision. The educational stations

must not be permitted to become vehicles for the promotion of one or another political cause, party or candidate. In the same manner, the bill strives to insulate the Corporation from governmental control. The committee intends to see to it that the local educational broadcasting stations conduct their operations without Corporation interference or control.

So clearly the committee struggled with the same problem again.

With respect to jurisdiction, I think it is very, very clear that this committee, which originated this legislation, which conducted the hearings on it, not only this time but on the original facilities act of 1962, is obviously the committee with the primary jurisdiction over the program. It is your legislation. You will review it at the end of the first year to determine where you want to go from here.

There is just no question in my mind but what the Interstate and Foreign Commerce Committee will be the principal and most important committee on the House side to deal with this.

When we talked about appropriate committees, we were talking not only about the House committees, but the committees in the other body, so there are at least four committees involved. There would be your committee, the House Appropriations Committee, the Senate Commerce Committee and the Senate Appropriations Committee.

But clearly, the way the bill is drafted and the way the extension amendments are drafted, it will be necessary to come back before this committee in order to get any changes or adjustments or improvements in the act as you have passed it last year.

Mr. MACDONALD. I agree with most everything you say. But if you feel that way, why does this testimony, which must have been cleared between three departments, talk about "appropriate committees" when it is very clear to me what the appropriate committees are? Here in the House it is the Commerce Committee and the Appropriations Committee. It is the same way in the Senate. It would be after it clears Senator Magnuson's Commerce Committee and then go to the Appropriations Committee over there.

Mr. COSTON. I think this is very clear. I don't think Mr. Carey disagrees.

Mr. MACDONALD. I don't say he does. I say his testimony does.

Mr. COSTON. I don't think we thought very much of the use of the word "appropriate" except we were possibly going to save a couple of lines by not specifying the committees that would have concern about this.

Mr. CAREY. I think it is pretty clear that what this committee does in the area of public broadcasting will be decisive on what the country will have in the way of public broadcasting. I don't think there is any question at all about the primacy of the committee we would be consulting.

I simply felt at this stage, and having come very recently myself to this business of public broadcasting, that the language ought to—well, I must say I didn't particularly struggle terribly over the prose in the statement; I just wrote what I was trying generally to get across here. But I think the use of the word "appropriate" is simply to stay somewhat loose, because I can't predict with enough exactness, given the fluidity of the problems we are dealing with, what may develop. My assumption at this point is that you have identified the two right committees.

Mr. MACDONALD. You represent the Bureau of the Budget. In many ways you have the final say of what goes into the budget or not, your superiors or somebody who talks to the President does. Therefore, I would like to have it clear on the record, which I think it now is, that the jurisdiction of this bill, which was fathered and perhaps even mothered by this committee, stays right here, and not by testimony be taken away from us.

Mr. CAREY. That is certainly the farthest thing from my intentions.

Mr. MACDONALD. I would like to point out that if this committee does not pass this bill, it will never see the light of day. I would think, if you are in support of the bill, as Chairman Staggers mentioned, you would make it clear that the appropriate committees were the four that I have just stated. If you are now saying that, then, of course, I withdraw my comments about your testimony.

Are you all three saying that?

Mr. CAREY. I would think so.

Mr. COSTON. Mr. Chairman, let me try to nail it down.

This act is an amendment to the Communications Act of 1934. Changes in the act also have to amend that act. I don't think anybody argues the jurisdiction of the Interstate and Foreign Commerce Committee with respect to the Communications Act of 1934.

Mr. CAREY. Exactly. I agree completely.

Mr. BRANNAN. Yes.

Mr. MACDONALD. My last question seems perhaps even to myself a little offbeat.

If you utilize a user tax, isn't that a form of pay TV? Aren't these people paying for something that is presently in the domain of free TV?

Mr. CAREY. May I ask Mr. Brannan to comment first?

Mr. MACDONALD. Yes.

Mr. BRANNAN. I would say no, on the grounds that until 1965 we have had a set tax on televisions which we did not regard as pay TV. This was a tax paid at the time the set was purchased. It similarly applied to purchases of radios and cameras. We had quite a few excise taxes that we repealed in 1965. It was certainly not a thing that varied with whether or not you turn on the program, which is the real feature of pay TV.

Mr. MACDONALD. Do you all agree with that statement?

Mr. CAREY. I agree.

Mr. MACDONALD. Thank you very much.

Mr. KORNEGAY?

Mr. KORNEGAY. Thank you, Mr. Chairman.

To follow up that thought, the theory behind the tax, though, on most of the excise taxes, is the luxury aspects of it. You added it on many items that were generally considered to be luxuries. The taxes grew out of taxes imposed on certain commodities during World War II.

Mr. BRANNAN. Let me answer that that could be said of some of the excise taxes. It wasn't very consistent. It was partly because the Congress was not satisfied with that—that the taxes did serve to tax luxuries—that they were willing to repeal them.

Mr. KORNEGAY. It is always easy to go to those things or place a tax on those things which you justify the easiest. Of course, the luxury

theory came into the picture—luggage, jewelry, furs, television, cosmetics, handbags, valises.

I am a bit curious here about the list of commodities Mr. Carey put down under the second proposal, a tax on the gross revenues of the commercial broadcasters, and your reason for stating that that is not a good idea was the fact that ultimately the cost would be passed on to the consumer or to the products, such items as automobiles, beer, cosmetics, nonprescription drugs, soap, and tobacco, which are engaged in and purchased in larger proportions by low- and middle-income families than by high-income families.

Depending upon the use, you could say almost all of those items are in the classification or category of luxuries, aren't they?

Mr. BRANNAN. Many people insisted that the automobile was not a luxury, that was part of the argument about the tax, as you may recall.

Mr. KORNEGAY. Depending on the uses, I say. To a traveling salesman, of course it is not a luxury. Beer, cosmetics, sweet-smelling soap—and that is the kind that is mostly advertised on TV—are luxury items, with cigarettes and tobacco products.

I don't know how anybody could answer a question that occurs to me at this time, until you have a budget and you can anticipate what the appropriation from the Federal Government is that will be needed. My question is, and I will throw it out anyway, to see if you have an answer to it: Have you come out with any percentage figures with reference to a tax imposed on the gross revenues of the commercial broadcasters; that is, if you elected to go that route?

Mr. CAREY. I would be glad to try that, Mr. Kornegay. We don't really have a number to nominate. I think in doing anything like that, you would probably be at a fraction of 1 percent, some fraction of it. I don't know at this point what it would be.

I think certainly it probably would start out somewhere like that. It might build up and become a small point or two over 1 percent over a 10-year period, or something. But it is very, very speculative.

The last thing I think I would want would be to start premature arguments about rates. It is a fair enough question, but I don't think we are anywhere near talking sense in terms of the rate yet.

Mr. COSTON. I would like to add one thing, Mr. Kornegay: I don't think you can even speculate yet on the amount of revenues that you would hope to have for the Corporation until the Corporation has been able to develop its own long-range plans as to what it wants to do.

This is one of the reasons why I think it is important that the committee and the executive branch, and the Corporation, first sit down and describe and define some goals and objectives and programs that the Corporation may wish to engage in. When those are worked out, we can begin then to fix the kind of financing program that we need. Until that happens, I think, as Mr. Carey said, it is purely speculative as to what levels of financing the Corporation may, in fact, need.

Mr. KORNEGAY. As I indicated, I expected that to be the answer. I think it is certainly plausible and reasonable.

Mr. Carey, has any consideration by you or the Bureau of the Budget been given to a tax or a fee on license renewal by commercial broadcasters?

Mr. CAREY. To the best of my knowledge, it has not, Mr. Kornegay. As I say, I have come very recently to the subject matter. It may well be that back over the last several months some consideration was given to it. Perhaps Mr. Brannan knows, but I am not aware of anything like that.

Mr. KORNEGAY. That is very much akin to your second suggestion. You say that the gross revenues for radio and television amount to approximately \$3 billion annually.

Mr. CAREY. That is the estimate I have, yes, sir; growing about 10 percent per year.

Mr. KORNEGAY. With an annual increase of about 10 percent. And you say about \$2 billion worth of sets are sold each year. My first feeling was that there would be a greater distance between those two figures than \$1 billion.

Mr. COSTON. I think one of the points Mr. Carey made was that the country is undergoing a rather substantial conversion to color receivers.

Mr. KORNEGAY. And that is an expensive conversion.

Mr. COSTON. It is an expensive conversion. It is quite possible that when that conversion has been completed, the \$2 billion level will no longer sustain.

Mr. MACDONALD. Except if you take into account the fact that what is known as the population explosion would take up the slack. I would think the conversion part really doesn't make that much difference.

Mr. COSTON. That is very possible.

Mr. CAREY. Your comment indicates there is a lot of homework to be done in estimating in all of these categories. We are very sensitive to that.

Mr. MACDONALD. If the gentleman will yield, I agree with you that the Corporation, the Congress and this committee—not the appropriate committees, but this committee—has a lot of work to do together just to figure out how much the cost will be. I think we are all just groping a little bit to find out what this will cost.

I would also add that I think the three suggestions about how to raise the money are self-defeating. They knock themselves down, it seems to me.

Mr. CAREY. We would welcome alternatives, Mr. Chairman, from this quarter, certainly. I think we also have to come together with the Corporation's Subcommittee on Finance. This is really, I think, the next order of business as far as the three agencies are concerned. I think the ball, in a way, gets tossed to them, and we will be glad to feed in whatever thinking, good or bad, we have been able to do up to this point, and broaden the conversation, including your staff, and do it over the next several months fairly intensively.

This is really where we are at this point. In a lot of ways, it is premature to be talking about the kind of things I have been talking about.

Mr. MACDONALD. I would suggest that testimony not be given officially unless it has been thought out. Don't you think that is reasonable?

Mr. CAREY. Yes. But on the other hand, what I said at the beginning was that I thought you wanted us to tell you a little bit about the status of the thinking, as far as it has gone. While it hasn't gone too far, this is the status up to this point. It is still open ended. It hasn't been closed off. It is quite open.

There may well be better alternatives than the ones I have talked to you about. We are certainly relaxed and ready to hear them.

Mr. KORNEGAY. In line with the chairman's statement that these proposals are sort of self-defeating, I would certainly think that the No. 1 would fall well into that category in that the TV set, to my way of thinking at the present time, anyway, is pretty well burdened down with overcharges and extra charges now. We have talked about the changeover from black and white to color, which is a very expensive thing as far as TV sets go.

We came along and made the manufacturers put all-channel connections in all of them, which I expect a majority of the people in this country seldom, if ever, use. Maybe in the future they will be used as more UHF stations open up. Now CATV is becoming quite popular. That is another charge that is put in on them.

I don't know how much the old mule is going to be able to pull, if you come along and put a healthy tax on top of him. It may be so expensive that people will not be able to buy and keep television sets.

Mr. CAREY. That is really a question.

Mr. MACDONALD. I have no pride of authorship.

Mr. CAREY. I would say the feasibility, Mr. Kornegay, of this idea of a tax on TV and radio sets would stand or fall, I guess, in large part, on the impact of the tax you are talking about. You talk about another healthy tax on TV sets and radio sets. The question is how healthy the blow would be. If it turned out to be in the range of, let's say, \$1 or \$2, something like that, per set, you might come out to one conclusion. If it turned out to be \$25, it might be a different ball game completely.

Mr. KORNEGAY. In order to raise any substantial revenue, it will have to be more than \$1 or \$2 per set. You talk in terms of 1 percent on the gross revenues of the commercial stations, which would give you, based on the \$3 billion figure, \$30 million.

Mr. CAREY. If you were going to try to run the whole enterprise by a tax on the manufacture of radio and TV sets, that probably would suggest a pretty high tax. On the other hand, if you had a mix—supposing you had some elements of all three of the things I have mentioned here, including a hefty general fund payment into a trust fund, something of that nature—then you might still have, as a sort of third leg on the stool, something like this tax on the manufacture of TV and radio sets which would mean that you would have a moderate impact on the price.

If it turned out that we all settled on a mixture of taxes and general funds, I think it might be viable.

Mr. KORNEGAY. I commend you for your willingness to explore, think about and consider, so we can bat around all the ideas that might come up.

Thank you very much.

Mr. MACDONALD. Mr. Broyhill.

Mr. BROYHILL. Thank you, Mr. Chairman.

Mr. Carey, how much of the \$9 million which was authorized in the act last year is included in the 1968 budget?

Mr. CAREY. We had planned on about a \$4 million appropriation in 1968, which was, in effect, half a year, I guess. That is about the way it was worked out. That was not, in the last analysis, recommended

or requested by the President for enactment in 1968 because of the delays generally in getting the enterprise going.

Mr. BROYHILL. If this bill is approved, you will ask the Appropriations Committee for the full \$9 million?

Mr. CAREY. We will come up with a budget amount.

Mr. BROYHILL. Will you ask for the full \$9 million?

Mr. CAREY. That is my presumption. I am leaving it up to the President, but the reason we are here this morning asking you to enact this bill is that we certainly are going on the strong expectation that we will come forward promptly with a budget amendment to fund it at that level.

Mr. BROYHILL. Actually, it seems to me that we are continuing the same type of discussions we had in the hearings when we were considering the act last year. I know some of us wrote additional views, which I would like to refer to at this time.

On one page some of the members indicated that one of the weaknesses in the bill was "financing."

Another statement is "Despite the very careful and patient effort of the committee to get a clear and detailed picture of the financing of the Corporation, the result is foggy and confused."

Another statement is "Government witnesses could not help the committee clarify the plan for Federal assistance."

Another statement is "Although there is no quarrel with financing purely instructional TV as in the past through general revenues from the Government entities concerned, there are entirely too many unanswered questions about both the Federal level of moneys involved and the means of getting them to the Corporation."

These statements are still of concern to us today. My question is this: Is it my understanding that the Bureau of the Budget, the Treasury, and the Department of Health, Education, and Welfare are going to work with the Corporation to come up with the financing plan?

Mr. CAREY. Yes, sir.

Mr. BROYHILL. When will this be accomplished, and when will it be recommended? What is the timetable?

Mr. CAREY. There is not a set timetable on it, sir. As the President said in his message, I believe it was his budget message, he intended this year to propose a plan. As far as I know, sir, that is about as explicit as we can be. I don't think we are on the verge of answering the kind of questions we have been talking about.

I am afraid that is the case. I can't suggest we will be here quickly with answers, but we will certainly, in the course of this year, get that done. That is our objective and that is what the President said he wants to do.

Mr. BROYHILL. No further questions, Mr. Chairman.

Mr. MACDONALD. Mr. Harvey?

Mr. HARVEY. Mr. Carey, as I recall reading both the Ford Foundation report and the Carnegie Commission report, they both recommended specific taxes which you have enumerated here. The Ford Foundation recommended a tax on satellites, as I recall, and the Carnegie Commission recommended the excise tax on the sale of television receivers.

Both of them, in their original reports, recommended specifically against financing from the general appropriations process, which you

are recommending here today. But as a practical matter, I gather that you would agree with me that Congress is not about to pass another tax at this time.

Mr. CAREY. Judging from the production of new taxes so far, sir; that is probably a fair conclusion. I would like to make one thing clear: that I am not really up here commending—I think that was the word you used—financing from general revenues. I have set that out as one of the alternatives that we are talking about.

Mr. HARVEY. You have set it out as an alternative, but we have to be mindful as a committee that the President has asked for a 10-percent surtax to finance the war in Vietnam and Congress has not seen fit to tax that.

The President has asked, in addition, for a tax on travel abroad, and the Ways and Means Committee has not seen fit to pass that, and, in fact, at this very hour is killing that tax.

So as I say, as a practical matter, you are not seriously telling us that either of these other alternatives, these taxes, are realistic, are you?

Mr. CAREY. I think they certainly are realistic enough to be very seriously considered by the Congress in settling the long-term financing of this enterprise. The alternative would be, I take it, to rely entirely on the general funds.

Mr. HARVEY. I happen to disagree with the chairman, in that I think the appropriate committee at this time would be the Ways and Means Committee. I feel that if we are going to have public broadcasting in America, it should be financed by one of these specific taxes that the Ford Foundation or the Carnegie Commission report recommended.

If we are going to have public broadcasting, this Congress and this Nation ought to face it and ought to finance it at the same time. We shouldn't put the cart before the horse, as we are doing right now. I specifically disagree in that regard with what the administration is recommending here today.

I just might say here that it is almost incredible to me that you come here from the Bureau of the Budget and recommend that we spend, if I understand correctly what you told Mr. Broyhill, \$9 million on this for next year.

Mr. CAREY. Yes, sir.

Mr. HARVEY. And we are spending \$10 million on rent supplements this year to provide housing for poor people in America. How this administration can reconcile this sort of priority is beyond me. I can't believe that the President has looked at this since he made this recent speech in Minnesota calling for austerity, nor can I believe that he has looked at it in light of the Kerner Commission report calling for changes and vast improvements in the slums and ghettos of America.

This is just incredible, that you, from the Bureau of the Budget, come here today and recommend this \$9 million to be financed out of the general appropriation process.

Mr. CAREY. I certainly respect your views, Mr. Harvey.

Mr. HARVEY. Would you give this equal weight with the rent supplement program, for example, when you are sitting there in the Bureau of the Budget? Would you balance this equally for the poor people in America?

I happen to have voted for that rent supplement program, along with 30 or 40 other Republicans. I happen to believe in it. I can't be-

lieve that this administration would give it almost equal weight in that regard.

Mr. CAREY. Mr. Harvey, these choices are always agonizing choices. I served under President Eisenhower in the budget business, as well, as under President Johnson in the budget business. The answer is not always clear in terms of tradeoffs from one priority to another. It is an exercise, as you know, sir, in judgment and relative equities and relative justices.

There are a lot of things that a President would like to recommend that he doesn't recommend. He can't. There are a lot of things that he would like to do that he can't do. I think that the problem that the Congress has, just as the problem the President has, is assessing priorities. When the President sends up his budget with his priorities in it, the Congress doesn't hesitate to substitute its judgment.

I think this is the situation where the administration at this point is recommending this bill, Mr. Harvey. As of now, I have said to your chairman that it is my belief that the President will transmit a budget amendment to finance it.

Mr. HARVEY. In the full amount?

Mr. CAREY. Presumably at \$9 million, but what I said to the chairman also was that I can't read the President's mind in the last analysis, and he may very well modify that figure. But I know of no reason at this point to indicate that he would. His judgment at this stage, and the administration's judgment, is that we ought to have this legislation, we ought to have the authority for the appropriation. The presumption is—on which we are all moving—that the administration will want it financed.

Mr. HARVEY. I just want to reiterate, without taking any more time, that I think this administration and the Bureau of the Budget ought to re-read what the Ford Foundation and the Carnegie Commission said on how this program ought to be financed, and then I think they ought to go back and reassess their priorities in this regard.

I can't help but believe that somewhere along the way, if we are to believe what the President said the other day, that he was willing to cut expenditures of \$8 billion or \$9 billion to get a tax increase through the Congress, that this bill, with this priority, will survive under those circumstances.

I have no further questions.

Mr. MACDONALD. Chairman Staggers?

Mr. STAGGERS. Thank you, Mr. Chairman.

I would like to make one observation.

The bill is a very simple bill that is before the committee. All it does is change the figures 1968 to 1969. We have gotten far afield with all of the things that have come up. I don't know how we got afield. It was approved last year, after bitter debate on the merits of it. If it was merited then, it is merited now. I think it is in the future.

I said then, and I say now, that I think it is one of the most important bills that this committee could put out in this session of Congress. I reiterate that. All we are trying to do is change the figures 1968 to 1969. I don't think that is a big problem. We debated this issue last year.

The men on the Corporation have been chosen, but they haven't been able to organize or submit anything to Congress. That is what they are

supposed to do. For us to be arguing about something that we haven't even given a chance, I think, is wrong. We are arguing about whether we should change the figure 1968 to 1969. That is the reason I couldn't see getting far afield on many things right now.

I think that should be kept in mind before the committee. I don't think we should get into political issues. We will fight the political issues in November. I think all we want to do is change the figure 1968 to 1969. That is the issue before the committee.

Mr. HARVEY. May I reply to that, Mr. Chairman?

Mr. MACDONALD. Mr. Harvey.

Mr. HARVEY. I would just like to call the attention of the chairman of the full committee to the fact that this \$9 million is for next year that they are asking for. I think because it is for next year it makes a significant change. This committee does have to weigh the priorities, whether it is the important bill you say it is in relation to Vietnam, whether it is the important bill you say it is in relation to the Kerner Commission report, whether it is the important bill in relation to the other problems that our Nation faces.

I doubt that it is, It isn't, in my judgment. I would hope that is not that important a bill in the President's judgment. I would hope, for example, that his lack of comment on the Kerner Commission report did not reflect that he was unhappy with that report. I would hope that he is going to give it more emphasis than that.

Mr. STAGGERS. I might say in reply to that, that that is a difference of opinion. You certainly have a right to your opinion. I say we are only here today to decide whether we are going to change 1968 to 1969. I reiterate my opinion that it is the most important bill this committee is going to put out for the future of America. I just don't know what it would be.

Mr. MACDONALD. Thank you, Mr. Chairman.

Mr. Brotzman?

Mr. BROTZMAN. I have no questions.

Mr. MACDONALD. Mr. Brown?

Mr. BROWN. Far be it from me to get involved in a colloquy between the chairman and Mr. Harvey. I would like to observe that this is part of our philosophy of "legislation now and pay later" that seems to be rampant in this country.

You seem to be coming up to the "pay later" part of that without any very good answers.

Before we get into that, I would like to ask Mr. Coston this question: Mr. Broyhill read some of the minority views in the committee report when we passed public broadcasting last year. I would like to read from the general report on page 12. There is this comment.

HEW testified it will not be able to approve all of the applications currently in hand because they would exceed the \$10.5 million authorized in this bill.

Have any of those applications under title I been abandoned or set aside?

Mr. COSTON. No, sir; those applications are still all on file and will be processed when the appropriations are forthcoming.

Mr. BROWN. Have you had any additional applications?

Mr. COSTON. I believe we have; yes, sir.

Mr. BROWN. Do you know where the figure stands now?

Mr. COSTON. I am not sure, but I can supply it for the record and I will do so.

(The information requested follows:)

HEALTH, EDUCATION, AND WELFARE DEPARTMENT STATEMENT ON PENDING EDUCATIONAL TELEVISION FACILITIES REQUESTS

Applications for educational television facilities continue to be received by the Department of Health, Education, and Welfare. The Educational Television Facilities Act of 1962 (P.L. 87-447) authorizes funding of applications received prior to June 30, 1968. As of March 25, 1968, 66 educational television facilities applications had been received and are pending for a total of \$40,413,000 in project costs.

No requests for noncommercial radio facilities, authorized under the Public Broadcasting Act of 1967 (P.L. 90-129) have been invited or received.

A Federal share of not to exceed 75 percent of the project cost as authorized under the Public Broadcasting Act of 1967 would require up to \$30,309,750 in Federal funds to support all existing educational television facilities applications.

However, the Public Broadcasting Act of 1967 places a limitation of 8½ percent on the amount of an annual appropriation which can be distributed within one State. With this restriction imposed on the FY 1969 request of \$12.5 million for grants, an amount of \$14,480,000 in pending project costs exceed the 8½ percent limitation in 6 States. Therefore, there is a total of \$25,933,000 in existing projects eligible for consideration, or a total of up to \$19,500,000 eligible for Federal funding support, based on the 75 percent Federal share authorized under Title I of the Public Broadcasting Act of 1967.

Mr. BROWN. If you would, I would appreciate it.

Am I to understand that there is no urgency now about funding those applications or about making the funds available to those applicants?

Mr. COSTON. We have the applications on file. Because of the changes in the law, there is a rather extensive redesigning of the procedures and regulations that will be required to take account of the revised provisions, such things as the inclusion of radio, for example.

Mr. BROWN. \$500,000 was your estimate last year required to provide educational radio facilities? Has that changed?

Mr. COSTON. No; I would say that is roughly the ratio at the moment; yes, sir. But as soon as we get our procedures revised and are able to begin processing applications under the new procedures, we would expect to resume that program.

Mr. BROWN. So this is all merely procedural. There is no real thought that you want to set aside the importance that was expressed last year on the funding of these applications?

Mr. COSTON. No, sir.

Mr. BROWN. Do you have any idea when those procedures will be straightened out so that we can proceed with the funding of these applications?

Mr. COSTON. We will expect to be in a position to resume funding of projects under title I when the appropriations are forthcoming, sir.

Mr. BROWN. Wait a minute. Is it procedural or is it because of the appropriations?

Mr. COSTON. It is both. We do not have an appropriation at this point. We have not requested a supplemental appropriation. Our position was—

Mr. BROWN. That is my question. Why not?

Mr. COSTON. Because we have not yet gotten the new procedures and the new operations design.

Mr. BROWN. I seem to be going around the bush with you over and over. Is it procedures or is it the money?

Mr. COSTON. It is both.

Mr. BROWN. When will the procedures be ready?

Mr. COSTON. Well, we are working on them now. I would hope they would be ready within the next 2 months.

Mr. BROWN. And you think then that you will be in a position to ask for the funds?

Mr. COSTON. Yes, sir.

Mr. BROWN. How much are you going to ask for?

Mr. COSTON. \$12.5 million.

Mr. BROWN. In other words, we are talking about \$9 million for this and \$12.5 million to pick up—we are dropping out the \$10 million that was in the 1968?

Mr. COSTON. That is my understanding; yes, sir.

Mr. MACDONALD. Will the gentleman yield?

I don't know why you get into that, Mr. Coston. I agree with the chairman 100 percent. This is a very simple bill. It has nothing to do with financing for any other year. It merely postpones for a year the action that this committee took.

You gentlemen, by your testimony—and I agree with the chairman having thought about it—got us off the track by projecting all these figures that have nothing to do with this bill. Why don't you just testify about the bill before us?

Mr. COSTON. Mr. Macdonald, I would be very happy to do that, but I do feel I have to respond to questions from the members.

Mr. BROWN. If I may, Mr. Carey, I would like to ask you about one point. You said one thing that I was struck by because of another committee on which I serve.

You want the funds, or you suggest that the funds which would be provided—on the bottom of page 5 and the top of page 6—from the Congress should be provided on a long-term basis, unless the Congress decides to act to negate that authorization for funds. You say “unless the Congress took negative action to prevent such payment.”

What is your thinking behind this? Are you suggesting that negative action is harder for Congress to take than affirmative action?

Mr. CAREY. I think that the question runs to the stability of the financing of the Corporation. From that point of view, an assurance of a flow of funds is probably what we would all like the Corporation to have.

The way I express this alternative, assuming we were going into general revenues, maybe or maybe not going into taxes along with it, would be that one way of providing the stability would be to say that the Congress would provide for an automatic general fund appropriation into a trust fund and then be able to pull the string when it chose to.

But that isn't necessarily what I am suggesting here. That is one way to do it. Another way would be for us not to use the negative or string-pulling approach to it and simply say for x years, 3 years, 2 years, whatever the Congress in its wisdom decided, there will be so much money from general funds that the Corporation can count on. It really runs to the stability.

Mr. BROWN. Can count on from the Congress?

Mr. CAREY. From the Congress; yes.

Mr. BROWN. Let me ask you the next question.

What can they count on from the administration? You see, Congress can authorize the money and can even appropriate the money, but the administration, the Bureau of the Budget being the determining body, doesn't have to spend it, does it?

Mr. CAREY. No. But if it were set up on a direct appropriation that might be true, and it wouldn't be true if you legislated, in effect, a mandatory payment into a trust fund. There isn't very much that even the Budget Bureau can do about trust funds.

Mr. BROWN. This is not what you are talking about here. You are not talking about trust funds, as I understand it. You are talking about the appropriation by the Congress. This was under your third possibility, the use of general revenues.

You suggest that the Congress should appropriate the money, make available the money, and precommit itself for 3 years.

Mr. CAREY. Into a trust fund. That is what it says.

Mr. BROWN. What about the administration's control of the ability to put general revenue funds into a trust fund? This is general revenue. This is not a tax that goes directly into a trust fund. This is general revenue appropriation, as I understand, and, as I understand, there is a distinction. Will the administration have no control over this?

Mr. CAREY. The administration in the short run wouldn't have control. The administration would have a voice, however, at, let's assume, 3-year intervals to reconsider both the mechanism of funding and the merit and scale, and dimension, of the funds.

So we would have our lick at it at the same time the Congress did, if this kind of an alternative were adopted. The administration, the executive branch, wouldn't be completely out of the action any more than the Congress would.

Mr. BROWN. You are avoiding the point I am trying to hit on, of course, and that is whether or not the administration would have control in the final analysis over the expenditure of the funds that are either within the trust fund or the placement of those funds in the trust fund.

Mr. CAREY. I see what you mean. I am sorry.

Mr. BROWN. The President did not control the expenditure of funds under the highway trust fund?

Mr. CAREY. He had something to do with the rate of commitment of funds under the highway trust fund. But I don't think he would have any control over particular highway projects. I don't think the administration wants any part of control over the grants and contracts that the Corporation would make.

Mr. BROWN. He had a slowdown of the expenditure of highway trust funds, did he not?

Mr. CAREY. Yes, sir.

Mr. BROWN. Is that possible in this; that is, in the recommendations you are making, or considering here?

Mr. CAREY. I can't see that kind of control here, Congressman.

Mr. BROWN. I do think it is a point of some interest because it makes a difference to me as a Member of Congress whether you are expecting Congress to authorize an open-ended expenditure of money, and

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

would be easily available to anyone who chose to tune in on it, rather than to have to limit it to those who had the capability, the resources and so forth, particularly those maybe in our society who need it most having to depend on their personal resources in order to buy it.

I would personally have some intellectual difficulties with that proposition, but that is just a personal view.

Mr. BROWN. I would say it would be possible that we might produce "My Fair Lady" on Saturday nights for people who would like to pay the difference, which is also cultural, for the opportunity to watch the Boston Symphony free on Sunday night, and that balance might be worked out between the two.

I have no further questions.

Mr. MACDONALD. Thank you very much.

Mr. CAREY. Thank you very much, Mr. Chairman.

Again, we appreciate the opportunity to be here and hope that the bill will be reported out favorably.

Mr. MACDONALD. Thank you.

Our next witness will be Mr. James Robertson, chairman of the executive board of the National Association of Educational Broadcasters.

STATEMENT OF JAMES ROBERTSON, CHAIRMAN, EXECUTIVE BOARD, NATIONAL ASSOCIATION OF EDUCATIONAL BROADCASTERS; ACCOMPANIED BY CHALMERS H. MARQUIS, EXECUTIVE DIRECTOR, EDUCATIONAL TELEVISION STATIONS DIVISION; AND NORMAN JORGENSEN, COUNSEL

Mr. ROBERTSON. I am James Robertson, chairman of the executive board of the National Association of Educational Broadcasters, and director of educational communications, University of Wisconsin.

With me are Mr. Chalmers H. Marquis, executive director of the educational television stations division of the association, and our attorney, Mr. Norman Jorgensen.

The association for which I speak is the professional association of institutions and individuals engaged in educational radio and television. Its membership consists of universities, colleges, schools and nonprofit corporations which operate educational radio stations, educational television stations, and closed-circuit and 2500 mHz television systems. It also represents over 2,600 individuals who are involved in educational applications of radio and television.

In its appearances before committees in both Houses of the Congress, the NAEB has given detailed testimony in support of all three titles of the Public Broadcasting Act of 1967. At each step of the act's progress through the Congress to the desk of the President, we have applauded the dedicated and exhaustive study and support which the act has received from the Congress. And we here state again our strong endorsement of the Public Broadcasting Act—its purposes, principles, and processes.

We have stated, and we state again, our belief that the three titles of this act represent a unified program for the extension of an effective, independent, financially sound, noncommercial broadcasting system to all parts of our country.

We have urged the continuation of the program of the Educational Television Facilities Act of 1962 and applaud the inclusion of radio

in its matching-grant program for facilities construction. Title I accomplishes this purpose.

We recognize at the same time that facilities provide only the technology, and that to be truly effective these facilities must be used to broadcast programs of substance, quality, and depth. To do so, a new device is needed in order to provide to every noncommercial radio and television station new opportunities to create and to share in that kind of diverse and significant programing.

Title II of the act, in creating the Corporation for Public Broadcasting, accomplishes that goal. We are aware that no plan for permanent financing of the Corporation for Public Broadcasting has been put forward to the Congress. We are confident, however, that those designated by the President to develop such plans will arrive at satisfactory proposals for this purpose in due course.

We have wholeheartedly agreed that a study of the instructional uses of radio and television should be undertaken to help clarify in what ways instructional broadcasting pertains to education, and to determine whether and what Federal aid should be provided. Title III establishes such a study.

We look forward eagerly to cooperating in its research. Its findings will set new horizons and suggest new opportunities for effective service to the Nation by educational broadcasting.

We emphasized not only our total support for this integrated program of construction, usage and research, but, even before the creation of the Carnegie Commission, the urgency of its need. Noncommercial, educational broadcasting can only progress with the aid this act promises. It will be given new life and new opportunities for service to the continuing education of our citizens by implementation of the Public Broadcasting Act at the earliest possible moment.

The Carnegie Commission's report, the President's 1967 state of Union message, the 1967 conference of educational broadcasters and their governing boards on long-range financing problems, the introduction of the act and the speedy and enthusiastic response and support of the Congress to that act, the establishment of the National Citizens Committee for Public Television—all these events converged early in 1967 to create a wave of enthusiasm that promised to carry educational broadcasting a long way toward its goal.

Following the passage of the Public Broadcasting Act, stations and institutions across the country made plans for the establishment of new stations and for the improvement of existing ones. Private citizens, local governments and institutions, business and industry, followed the leadership shown by the Congress in adopting this legislation.

Funds were pledged from a variety of sources to match those which, presumably, would continue to be granted through the Federal facilities program. Complicated projects of planning and research were undertaken in the area of programing as well: Regional networks—in some sections of the country only a dream for many years—suddenly became visible realities with headquarters and staff and programing schedules. Thus, Congress created a new interest throughout the country.

A year has passed since the Public Broadcasting Corporation was launched in the Congress. There have been no funds available under

the facilities program for more than 8 months. Now it is proposed that the 1968 authorization of funds in the amount of \$10,500,000 for the facilities program be discarded. More than \$30 million in facilities proposals already filed at HEW must wait for consideration until 1969 when, hopefully, the \$12½ million authorized for that year will be appropriated and some of these projects can be approved.

It is also proposed that the Corporation for Public Broadcasting be authorized funds for its establishment but not until fiscal 1969. The Board of the Corporation has been appointed and has been confirmed by the Senate. It is an outstanding and distinguished board. Articles of incorporation are being drawn up.

The corporation is eager to begin, now, the work which has been assigned to it by this committee and the Congress. But without funds it must stand aside. Planning is a practical impossibility.

The NAEB has been invited to come here today to speak to the single question raised by H.R. 15986: Should the authorization for the corporation be changed from fiscal 1968 to fiscal 1969?

Our answer is brief and obvious: The need is as real and present today as it was the day this Congress adopted the law we are examining here. All had hoped that the appropriation would come in 1968. Since that apparently is not going to happen, it must come in 1969, and as early as possible.

Therefore, we urge this subcommittee to report favorably on the amendment. The Senate has already passed the amendment. We hope that both Houses of Congress will act without delay, and that appropriation action will follow promptly.

But we cannot merely make this statement and turn away. We must also relate our deep distress over the probable loss of the \$10,500,000 facilities funds. We must plead again the urgency of educational broadcasting's need, an urgency all the more acute because of the time already lost.

We have pointed out that more than \$30 million in facilities project applications have already been accepted for filing by HEW. These represent the needs of over 62 applicants. Proposals from more than 20 other applicants have been received but cannot legally be accepted until title I is funded. These more than 80 applications represent millions of dollars in local matching funds waiting to be put to work.

How long can these funds, pledged both to establish new stations and aid existing stations, be kept available? The fact is that these committed kinds of moneys frequently have limited life. Legislative funds can be granted only for a stated period, then lapse; and private funds, too, are often withdrawn when the project for which they were pledged begins to appear uncertain of realization. Project costs are frequently based on bids, and bids also hold firm only for a limited period.

Even more significant is the loss of momentum. Projects begun with the enthusiastic support of local individual volunteers and of State and local governmental bodies lose their direction and force when the Corporation for Public Broadcasting which Congress intended to point the way is not yet able to assume its responsibilities.

There is another loss in addition to these losses of Federal funds, local matching funds, momentum, and time. That is the loss in pro-

graming not yet more than dreamed of, directed to the needs and interests of the American people.

Locally, regionally, and nationally, educational radio and television broadcasters, aided by the Corporation, must reach out to the problems of our people, must furnish the means for realizing communication among peoples. America realizes today as never before that education cannot stop when schooling ends; that education in the context of our needs is not necessarily formal instruction.

Continued opportunity for continuing education in the broadest and most significant sense, in promoting community understanding, will be an important goal of the Corporation's programing responsibility. We are already late in meeting this goal; further delay is unthinkable.

We reiterate, and incorporate herewith by reference, all of the supportive testimony which we and many others have submitted in earlier hearings on the Public Broadcasting Act. If the authorization cannot be realized in 1968, then it has to be 1969. The need is now.

You will note in reviewing my statement that there is a great note of urgency, which I think has not been brought out in the hearing this morning. I shall assume that the committee embers will note that in the statement.

I would like to give you one more statement. I am from Wisconsin, though I am not a pleader for Wisconsin. That is the situation I know best. The story I am about to tell you is pretty much typical of situations elsewhere around the country with respect to the understandable delay in what has happened in these appropriations, both in terms of title I, which is an extension of the Facilities Act, and the Corporation for Public Broadcasting.

The momentum which was generated by this committee and by others in the Congress by the passing of the Public Broadcasting Act last fall enabled a great deal of activity on the part of States and local groups all over the country last year.

In Wisconsin, we are pioneers in educational radio. We will celebrate our 50th anniversary next year, but there has been difficulty in establishing statewide educational television.

Thanks to the efforts of many of you on this committee in the passage of the Public Broadcasting Act, the Wisconsin Legislature, in the last hours of its session last December, passed on Educational Communications Act, authorizing the State to proceed with the establishment of additional educational television stations, arranged for \$400,000 under long-term bonding for matching funds, engineering surveys, and so on.

A new board, responsible for both educational radio and educational television has been established and met March 1. I reported on the first meeting of this board to the major entity concerned with education in the State of Wisconsin, the Coordinating Committee for Higher Education in Wisconsin, on the 1st of March. My report was accepted. I won't go into the details of this.

The important point for this committee is, I think, that I was asked one question when I finished that report. The question came from Walter J. Kohler, former Governor of Wisconsin, now the chairman of this coordinating committee. Governor Kohler said:

I understand that now that we have passed this legislation and we are all set to go, the Congress hasn't acted with the appropriation. What is the story?

I did my best to explain the story. But I think this kind of mood is present, not only in Wisconsin but elsewhere, and this applies not only to title I, which I am concerned with in this story, but also to title II and the establishment of the corporation.

We have lost some momentum, and I think many of you gentlemen understand this. It was certainly the intent of the committee in its report—and I shall not take the time to go back and quote your own report—that all these matters of financing and so on, while not being set aside with no consideration, should be set aside until, appropriately, once the corporation is established and is in being, and can show some track record, it could be brought into focus.

The only other point I would like to make, Mr. Chairman, is that it seems to me, as a representative of educational radio and educational television broadcasters, that somewhere, at least in this morning's discussion which I have heard, we have somehow missed a point.

There has been, quite properly, a concern over the moneys appropriated for the purposes of this act and the problems which the Congress finds itself faced with in terms of Vietnam, the cities, gold, and all of the rest of the problems besetting our country. I think the fundamental point which most of us would wish to make to you gentlemen is that a democracy, which is our form of government, does not act effectively unless its citizens understand what these issues are about.

Mr. MACDONALD. Sir, before we get into that, and I think we have been around the bush several times, to quote Mr. Brown, if you would just read the bill, the bill before us is not the Public Broadcasting Act. It merely states that we strike out 1968 and insert 1969.

So, all of these philosophical discussions about whether this bill is a good bill or a bad bill, or what is in the bill, all of that, seems irrelevant to me.

I hope you will confine your remarks, as I tried to have the members from Budget, Treasury, and HEW, to that, it would be helpful. Nothing else is before us. We have already passed the bill.

Mr. ROBERTSON. I couldn't agree with you more, Mr. Chairman. It is now the law of the land. The sole issue is whether 1968 gets changed to 1969.

Mr. MACDONALD. Right.

Mr. ROBERTSON. I would only add a sentence or two to say that I would like to strongly second or emphasize two points that Mr. Hughes, from the corporation, made.

That is, that the corporation now being in being will be very much affected by the rapid action of this committee and of both Houses of Congress, not only in passing this bill that is before you, but the subsequent appropriations for the corporation in two ways.

Congressman Springer mentioned earlier the importance of the makeup of the board. That has been done, I think, to most peoples' satisfaction.

The next most important thing is the selection of staff. We all know that when we try to find excellent people to take responsible positions, whether they are really interested in doing this or not is, in part, a matter of what dollars are available, what confidence is put into this.

I think that a rapid action on the part of this committee on this amendment and subsequent appropriations for the corporation will enable this new, excellent board to find the kind of staff that it needs.

Second, that such action also will encourage the corporation members and will make manifestly easier for them the job of securing private funds. From the very beginning there has been the argument, quite properly, that the funds this corporation has at its disposal should be both public and private.

I could go into that from my experience. I know there are many national and regional groups that look with favor upon the establishment of the corporation as a place where they can put their dollars to help all of public broadcasting rather than contributing specifically to one station or another.

That, in essence, Mr. Chairman, are the points I would like to make.

Mr. MACDONALD. Thank you very much.

Our next witness is Ben Kubasik of the National Citizens Committee for Public Television.

STATEMENT OF BEN KUBASIK, EXECUTIVE DIRECTOR, NATIONAL CITIZENS COMMITTEE FOR PUBLIC TELEVISION

Mr. KUBASIK. My name is Ben Kubasik, executive director of the Citizens Committee for Public Television.

Thomas Hoving is chairman of the National Citizens Committee for Public Television. Mr. Hoving would have been here today were he not abroad on business in his capacity as director of New York City's Metropolitan Museum of Art.

I am here today to speak on behalf of the 120 distinguished Americans who comprise the committee and, by extension, those millions of Americans who anticipate change in broadcasting through public television and public radio.

The Citizens Committee is growing. More individual Americans are being asked to join. Thousands of other citizens are serving in auxiliary capacities to the national committee. These include members of national organizations and associations as well as participants in presently constituted and newly forming State and local organizations aiding in the growth of public broadcasting.

I urge on their behalf the immediate amendment of the Public Broadcasting Act of 1967 to allow the \$9 million authorized to finance the Corporation for Public Broadcasting to carry over into fiscal 1969.

We obviously would have preferred that the initial intent of the Public Broadcasting Act of 1967 had been carried out. This would have meant that \$9 million would have been made available to the Corporation for Public Broadcasting for fiscal 1968. And that the \$10.5 million in facilities and new construction moneys would have been made available to stations in fiscal 1968.

By saying this, I am reiterating the unanimously passed resolution put forward by the National Citizens Committee at its first annual membership meeting, held only a month and a half ago in New Orleans. If no objection, I would like to submit for the record both the resolution and a list of the committee's membership. (See pp. 39-42.)

In the resolution, the committee hailed the Congress for passing the Public Broadcasting Act of 1967 and noted that by its action the

Congress "recognized * * * that a public broadcasting service could more fully meet the educational and cultural needs of the Nation."

In urging Congress to reaffirm its commitment to the Public Broadcasting Act of 1967 as passed and to appropriate the full amounts for fiscal 1968 as authorized, the committee in its resolution stated:

To settle for less, at this critical moment, could do serious harm to the development of the Corporation for Public Broadcasting and the continued growth of strong local stations.

The \$10.5 million facilities moneys alone, which was to have been appropriated for fiscal 1968 and was properly expected by educational broadcasters and their audiences as a simple extension of the Educational Television Facilities Act of 1962, are desperately needed by the educational stations of this country. Already, there are project requests into the Department of Health, Education, and Welfare for funds 3½ times the amount that was to have been, but as yet has not been, appropriated for fiscal 1968. The needed moneys for educational station facilities are mounting at the rate of almost \$20 million per year, while no money is appropriated for them.

The committee strongly holds that the \$10.5 million in facilities moneys should still be appropriated for fiscal 1968. The Corporation for Public Broadcasting must inherit the strongest possible system of educational television stations for it to service in the public interest.

The committee has no desire to divorce itself from the multitudinous problems this Nation faces. The committee exists, in point of fact, to foster a broadcasting system that will help this Nation better to face, understand, and solve these problems. Where Federal funds are unavailable because of emergency budgetary considerations caused by the difficulties in which this country finds itself, the committee reluctantly can understand delay.

Even so, there are several points in conjunction with the funding of the Corporation for Public Broadcasting that we believe must be made with precision. A public broadcasting system of the breadth envisioned in the Congress' 1967 act cannot get fully underway until Federal moneys begin to make it possible.

Such a public broadcasting system, at this point in our history, could do much to report and clarify the issues which threaten to tear this Nation apart. The fact is that any delay in starting a strong, healthy, and productive public television system on its way keeps our national communications from taking on a form that is absolutely essential to this Nation's well-being.

Only through the offices of the Corporation for Public Broadcasting, according to Congress' own definition in the Public Broadcasting Act of 1967, can all the activities that a strengthened public television this country needs be accomplished. It is imperative, from the committee's and the country's point of view, that the Corporation get started to—

Facilitate the full development of Public Broadcasting.

Be the body to assist in the establishment and development of noncommercial television and radio stations.

Make funds available for production of programs of high quality for noncommercial broadcasting.

Obtain grants from various sources and make payments to local stations for programing and other costs of operations.

Arrange by grant or contract for interconnection facilities at the free or reduced rates which the communications common carriers are permitted by the act to provide.

Engage in activities that will assure maximum freedom of the system and its stations.

Have final responsibility for recommending a permanent financing plan for public broadcasting.

The committee backs these roles of the Corporation for Public Broadcasting. Through its public information efforts and through special studies, such as one on financing recommended by its members to be made expressly for the Corporation, the committee will do all it can to see that the Corporation move ahead expeditiously. But the Corporation cannot move ahead as it should until its initial, minimal \$9 million in Federal moneys are appropriated.

For all the reasons I have enumerated, I believe it unlikely that the committee would on another occasion willingly accept any further delay in getting public broadcasting going. The committee expects that public broadcasting—or at least that tiny footpath which is really what we are talking about here today that can lead to a full-fledged public broadcasting system in this country—must at last begin to move in the directions laid down by the Congress in the Public Broadcasting Act of 1967.

In summation, the citizens committee believes that the \$10.5 million in facilities moneys still must be appropriated for fiscal 1968.

The committee urges that the amendment being considered here today be approved.

Further, the committee asks that the full sums of \$9 million for the Corporation—as well as the \$12.5 million for facilities called for in the act for fiscal 1969—be appropriated as quickly as possible.

I thank you.

(The attachments referred to follow:)

RESOLUTION ADOPTED UNANIMOUSLY FEBRUARY 12, 1968, BY THE NATIONAL
CITIZENS COMMITTEE FOR PUBLIC TELEVISION

The President proposed and the Congress, through bipartisan support, enacted the Public Broadcasting Act of 1967.

The Act has three main provisions: Title I, which extended construction grants for educational broadcasting facilities and authorized an appropriation for the current fiscal year of \$10.5 million; Title II, which created the Corporation for Public Broadcasting and authorized an appropriation until expended of \$9 million; and Title III, the instructional broadcasting study for which funding provisions have been made.

Both the Administration and Congress recognized by their action that a Public Broadcasting service could more fully meet the educational and cultural needs of the nation.

The provisions of this astute legislation have been hailed unanimously by educational television stations, National Educational Television, the Educational Television Stations Division of the National Association of Educational Broadcasters, educators, the members of the Carnegie Commission and the National Citizens Committee for Public Television.

Today the House Appropriations Committee has before it a budget request for \$4 million to finance the Corporation's initial activities. No request for funds for Title I has been made for 1968.

The Committee believes that Congress' initial judgment on the minimum necessary funding was sound for Titles I and II. Further, the authorization inspired substantial contributions from the private sector.

To settle for less, at this critical moment, could do serious harm to the development of the Corporation for Public Broadcasting and the continued growth of strong local stations.

The National Citizens Committee urges Congress to reaffirm its commitment to the bill as passed and appropriate the full amount as authorized.

MEMBERS OF THE NATIONAL CITIZENS COMMITTEE FOR PUBLIC TELEVISION

[(T) indicates Trustee]

- Shana Alexander (T): Journalist (bi-weekly column, "The Feminine Eye"), *Life Magazine*, Los Angeles
- Fran Allison: Actress, Englewood, New Jersey
- David Anram: Composer in Residence, Philharmonic Hall, New York City
- Robert O. Anderson: Industrialist and rancher, Roswell New Mexico
- Seth G. Atwood: President, Atwood Vacuum Machine Company, Rockford, Illinois; Past President, Young President's Organization
- Thomas Ballantine: President, Louisville Title Insurance Company
- Robert E. Bell: Vice Chairman, Wyoming Educational Television Commission, University of Wyoming, Laramie
- Leonard Bernstein: Composer, conductor, New York City
- Mrs. Rexford S. Blazer: Patron of the arts and education, Ashland, Kentucky
- Donald Brayton, M.D.: Associate Dean, School of Medicine, UCLA, Los Angeles
- Kingman Brewster, Jr.: President, Yale University, New Haven
- Robert McAfee Brown: Professor of Religion, Stanford University, Stanford, California
- Herbert B. Cahan: Vice President, Westinghouse Broadcasting Company, Inc., Baltimore; Chairman, Maryland Educational-Cultural Television Commission
- Mrs. Edmund D. Campbell: President, Greater Washington Educational Television Association, Washington, D.C.
- Paddy Chayefsky: Author, New York City
- Kenneth B. Clark: Metropolitan Applied Research Center, New York City
- Rabbi Seymour Cohen: The Anshe Emet Synagogue, Chicago; Past President, Synagogue Council
- Sister Mary Corita: Professor of Art, Immaculate Heart College, Los Angeles
- Bill Cosby: Actor, Beverly Hills
- Howard T. Cox: President, Capital National Bank, Austin, Texas
- Nina Cullinan: Patron of the arts and education, Houston
- Jonathan Daniels: Editor, *The News and Observer*, Raleigh
- Mrs. Moise W. Denney (T): President, Greater New Orleans Educational Television Foundation (WYES-TV)
- Owen Dodson: Professor of Drama, Howard University, Washington, D.C.
- Carl J. Dolce: Superintendent of Public Schools, New Orleans
- T. L. Donat, M.D.: President, North Dakota Educational Television Commission, Fargo
- Rev. Robert F. Drinan, S.J.: Dean, Boston College Law School
- Lee A. DuBridge: President, California Institute of Technology; Chairman, Community Television of Southern California (KCET)
- Richard Eells: Professor of Business, Columbia University, New York City
- Ralph Ellison (T): Author, New York City
- William A. Emerson, Jr.: Editor, *Saturday Evening Post*, New York City
- John H. Fabretti: Vice President, Planning and Administration, California-Western States Life Insurance Company; Chairman of the Board, KVIE, Sacramento
- Mel Ferrer: Actor, Beverly Hills
- Mortimer Fleishhacker, Jr.: Chairman, Precision Instrument Company; President, Bay Area Educational Television Association (KQED), San Francisco
- Rev. William F. Fore: Executive Director, Broadcasting and Film Commission, National Council of the Churches of Christ in the U.S.A., New York City
- R. Buckminster Fuller: Engineer, Carbondale, Illinois
- Phillip Gainsley (T): Attorney, Minneapolis
- John Kenneth Galbraith: Professor of Economics, Harvard University
- General James M. Gavin: Chairman, Arthur D. Little, Inc., Cambridge
- Edwin O. George: President and Director, Detroit Edison Company; President, Detroit Educational Television Foundation
- Rev. Richard R. Gilbert: Chairman, Division of Mass Media, United Presbyterian Church in the U.S.A., New York City

- Brendan Gill : Drama Critic, *The New Yorker Magazine*, New York City
 Bryghte D. Godbold : Executive Director, Goals for Dallas, Dallas
 Jacqueline Grennan : President, Webster College, Webster Groves, Missouri
 Andrew Hacker : Professor of Government, Cornell University, Ithaca, New York
 Joyce Hall : Chairman of the Board, Hallmark Cards, Inc., Kansas City, Missouri
 Fred Harvey Harrington : President, University of Wisconsin, Madison
 Michael Harrington : Author, New York City
 Harlan H. Hatcher : Former President, University of Michigan, Ann Arbor
 Samuel P. Hayes : President, Foreign Policy Association, New York City
 Leland Hazard : Professor of Industrial Administration and Law, Carnegie Institute of Technology ; Honorary Chairman, WQED, Pittsburgh
 E. William Henry : Attorney, Washington, D.C. ; Former Chairman, FCC
 Jerome H. Holland : President, Hampton Institute, Hampton, Virginia
 Thomas P. F. Hoving (T) : Director, Metropolitan Museum of Art in New York City
 Alex Jacome : President, Jacome's Department Store ; Past President, Arizona Board of Regents, Tucson
 Devereux C. Josephs (T) : Chairman of the Board, WNDT, New York City
 Garfield I. Kass : President, Kass Realty Company, Inc., Washington, D.C.
 Milton Katims : Conductor, Seattle Symphony Orchestra
 Herman Kenin : President, American Federation of Musicians ; Vice President, AFL-CIO, New York City
 David Lloyd Kreeger : Chairman, Executive Committee, Government Employees Insurance Companies, Washington, D.C.
 Arthur B. Krim : President, United Artists Corporation, New York City
 Ralph O. Langley : Attorney, San Antonio, Texas
 Mrs. H. Gates Lloyd, III : Patron of the arts and education, Philadelphia
 Arthur Logan, M.D. : Surgeon, New York City
 Ralph Lowell (T) : Chairman, Boston Safe Deposit and Trust Company ; President, WGBH Educational Foundation, Boston
 Myrna Loy : Actress, New York City
 John W. Luhring : Regional Vice President, Union Bank ; President, Community Television of Southern California, Los Angeles
 William P. Mahoney, Jr. : Attorney, Phoenix ; Former Ambassador to Ghana
 Mrs. Bennett Martin : Patron of the arts and education, Lincoln, Nebraska
 Mrs. Eugene McDermott : Patron of the arts and education ; Member, Women's Advisory Council, KERA/Channel 13, Dallas
 Donald McGannon : President, Westinghouse Broadcasting Company, Inc., New York City
 Ralph McGill : Publisher, *The Constitution*, Atlanta
 Arthur Miller : Playwright and author, Roxbury, Connecticut
 Newton N. Minow (T) : Attorney, Chicago ; Chairman, Chicago Educational Television Association ; Former Chairman, FCC
 Maurice B. Mitchell : Chancellor, University of Denver
 Robert Montgomery : Actor, New York City
 Mrs. Jennelle Moorhead : Professor of Health Education, University of Oregon ; Former President, National P.T.A. ; Eugene, Oregon
 Frank B. Morrison : Former Governor of Nebraska, Omaha
 Hugo Neuhaus : Architect, Houston
 Mike Nichols : Director, producer, Beverly Hills
 Antonia Pantoja : Executive Vice President, Puerto Rican Forum, New York City
 Rosemary Park : Vice Chancellor for Educational Planning and Programs, UCLA, Los Angeles
 Rev. Everett C. Parker : Director, Office of Communications, United Church of Christ, New York City
 I. M. Pei : Architect, New York City
 Louis S. Peirce : Chairman, Educational Television Association of Metropolitan Cleveland
 Ernest J. Philipp : President, Community Broadcast Council, Milwaukee
 A. Craig Phillips : Vice President, Richardson Foundation, Greensboro, North Carolina
 Gerard Piel (T) : President and Publisher, *Scientific American*, New York City
 Norman Podhoretz : Editor, *Commentary*, New York City
 Harold Prince : Broadway producer-director, New York City
 Edward M. Purcell : Physicist, Harvard University, Cambridge, Massachusetts

- Robert E. Quinn, M.D. : Chairman, Ohio University Public Television-Radio Advisory Committee, Athens
- A. Philip Randolph : International President, Brotherhood of Sleeping Car Porters, New York City
- Robert Rauschenbreg : Artist, New York City
- Charles E. Reilly, Jr. : Executive Director, National Catholic Office for Radio and Television, New York City
- Frank A. Rose : President, University of Alabama, University
- Edward L. Ryerson : Honorary Charman, Chicago Educational Television Association (WTTW)
- Carl E. Sanders : Former Governor of Georgia, Atlanta
- Dick Schaap : Journalist, New York City
- Susan Schmidt : Editor, *Colorado Daily*, University of Colorado, Boulder
- Budd Schulbreg : Author, Los Angeles
- Mrs. William H. Schuman : Chairman, Friends of Channel 13, New York City
- Ty Scoggins : Manager, Personnel and Public Relations, Tidewater Oil Company, Los Angeles
- Charles A. Siermann (T) : Professor Emeritus, NYU, New York City
- Mrs. Arthur Skelton : Chairman, Washington State ETV Commission, Olympia
- Mrs. David E. Skinner (T) : Patron of the arts and education, Bellevue, Washington
- Robert Smylie : Former Governor of Idaho, Boise
- Phillip M. Stern : Author, Washington, D.C.
- Mrs. Robert J. Stuart : President, League of Women Voters of the U.S.A., Washington, D.C.
- Maria Tallchief : Ballerina, Chicago
- Allan Temko : Institute of Urban Affairs, University of California, Berkeley
- Gus Tyler : Assistant President, International Ladies Garment Workers Union, New York City
- Leslie Uggams : Actress, New York City
- Eli Wallach : Actor, New York City
- June Wayne (T) : Director, Tamarind Lithography Workshop, Los Angeles
- Caspar W. Weinberger : Attorney, San Francisco.
- Leonard Woodcock : Vice President, United Auto Workers, Detroit
- Robert B. Wright : Vice Chairman, Georgia State Board of Education, Moultrie
- Paul A. Yetter : Vice President, Public Service Company of Colorado ; President, Council for KRMA/Channel 6, Denver ; Vice Chairman, Colorado Commission on Educational Television
- Whitney Young, Jr. : Executive Director, National Urban League, New York City

Mr. MACDONALD. Mr. Harvey.

Mr. HARVEY. He has touched on the only question I had.

I noted that in both Mr. Robertson's statement and in Mr. Kubasik's statement, on page 4 of Mr. Robertson's and page 5 of Mr. Kubasik's, both of them emphasize what they really wanted was not only the \$9 million that this bill covers, but the \$10.5 million for facilities in 1968, and in addition to the \$9 million for 1969, an additional \$12.5 million for facilities in 1969.

Is that correct?

Mr. ROBERTSON. That is correct, sir. That is an endorsement of the action of this subcommittee, this committee as a whole, and of the Congress in the act which is now the law of the land.

Mr. MACDONALD. Gentlemen, we appreciate your coming this far and having such little time, but the bureaucrats consumed quite a lot of time. There is nothing much we can do about it.

I will recognize Mr. Brown. The House is in session.

Mr. Brown.

Mr. BROWN. Do any of you gentlemen have any idea what the ultimate total responsibility will be in this field? What is the total cost of the operation of the Public Broadcasting Corporation?

Mr. ROBERTSON. In order to answer Mr. Brown's question and also to save time, Mr. Chairman, I would suggest that all of this is in the

record of the past hearings. I don't believe there are any changes that anybody would suggest at this particular juncture.

Mr. MACDONALD. Out of courtesy, do you know the answer, just to give it to him?

Mr. ROBERTSON. You are asking for the total amount for the Corporation for Educational Television?

Mr. BROWN. The functioning corporation.

Mr. ROBERTSON. The Department of Health, Education, and Welfare had provided for the corporation a projection which is found on page 53 of the committee's former report by fiscal years, starting with \$9 million in fiscal 1968, and running up to \$120 million in 1973, with the comments that the long-range corporation budget is not expected to exceed \$160 million by about 1980.

Mr. BROWN. That is the answer I wanted.

Would you react to the suggestion of a possibility of a combination of subscription or pay television with a tax on broadcasters? The tax on broadcasters has some built-in thermostat because if ETV can be considered to be competitive with commercial broadcasters, then when the commercial broadcasters don't do so well because of the fluctuations in the economy, presumably ETV would have less money to operate on, too. And, you wouldn't be tied to a quixotic Federal Government, either in the Congress or in the executive branch. Could you comment on that?

Mr. ROBERTSON. I would be glad to, Mr. Brown.

I would say in answer to your comments that these are the kinds of considerations which educational broadcasters generally are in the midst of studying.

I don't think any one of the suggestions that has been made, including pay television, should be thrown out. There are specific objections and specific strengths in all of them, but I don't think we are prepared to say yet precisely the plan we would support.

Mr. BROWN. When do you think you will be prepared?

Mr. ROBERTSON. I think we need to see some action on the part of the Public Corporation.

Mr. BROWN. Roughly. One year, 5 years, 20 years?

Mr. ROBERTSON. One year.

Mr. BROWN. Thank you.

Mr. MACDONALD. Thank you, Mr. Brown.

Mr. BROWN. Have any of you read a statement made by Federal Communications Commissioner Robert Lee on January 26 on the responsibility of stations in news presentations, made to a conference held at the continuing education center at Notre Dame University?

Mr. KUBASIK. I heard reports of it, but not the full statement.

Mr. BROWN. Mr. Chairman, I would like to ask that the statement be placed in the record at this point for the interest of the members of the committee.

Mr. MACDONALD. Without objection it is so ordered.

(The statement referred to follows:)

REMARKS OF COMMISSIONER ROBERT E. LEE, FEDERAL COMMUNICATIONS COMMISSION, CONFERENCE AT THE CONTINUING EDUCATION CENTER, NOTRE DAME UNIVERSITY, SOUTH BEND, IND., JANUARY 26, 1968

RESPONSIBILITIES OF STATIONS IN NEWS PRESENTATION

A network commentator, covering the 1964 Convention, spotted a civil rights demonstrator who had prostrated herself on the convention floor. He told the

Control Room Director who replied that it would be a few minutes before he could put him on the air. When the commentator asked the woman how long she planned to remain there, she raised her head slightly and asked "How long would you like?" The responsible judgment of what constitutes news is most demanding on the TV news media. I believe this requires something more than a beard and a guitar. Are they looking for news or viewers? I think you should look for news.

"When people see it on TV they are experiencing it for themselves" said Fred W. Friendly, one time head of CBS News and now Professor of Columbia University Graduate School of Journalism. "It must be true, the viewer feels because he is seeing it. We cannot tamper with that trust or we will lose everything." NBC issued a directive last summer stating that no newsman is to "arrange", "modify", "stage", "schedule" or "re-enact a news event. I believe most radio and TV stations now have similar instructions or an operating policy. Like all rules, there are exceptions which require responsible judgment. Clearly there would be no problem when a presentation to an honored guest is re-enacted.

But should a newsworthy person be asked to walk fast or slow to better cover a demonstration in the background? What if background music or applause is added to a program? Consider the cameraman who missed filming a hoodlum demonstrator throwing a rock through a window. Fortunately the broadcaster has already answered most of these questions and presents the event unchanged as it happened. This responsibility assumed by broadcasters is no accident; it is their direct recognition of the right of free speech granted by our Constitution, which right has repeatedly been reaffirmed by the Courts, the Communications Act and the Rules and policy of the Federal Communications Commission.

The freedom enjoyed by the broadcast news media is not absolute. It is difficult at best to focus on a human being or event which pre-supposes that an initial decision has tentatively been made and that this particular person or event is newsworthy. TV coverage even though entirely complete and accurate can, because of lighting, camera angle and other technical factors, completely distort the news. Thus there is the responsibility of reporting pictorially, what was said or done, without technical distortion.

In this and other respects, the broadcast media is at a disadvantage with the print news media. The print media enjoys the luxury of evaluating the newsworthiness of a President's statement or other important event after it has occurred rather than carrying them as they occur. Consider coverage of an automobile race, live on TV. Normally you would expect to film the skill of the drivers with possibly the main event being an interview with the winner. But what if the main event is a tragic and painful death? The TV newsman here must make an instant decision which balances the public's right to know consistent with good taste and the mores of the times.

When TV seeks to cover an important national figure, conditions *may* apply which would not apply equally to the print news media. Recently this entire matter was brought to the public's attention when Richard S. Salant, President of CBS news, frankly told viewers that an interview with the President had been subject to some degree of control from the White House. TV coverage may often involve the power of some degree of veto as a pre-determined condition of the interview.

There are also situations in which the very nature of TV coverage require the newsman to be conversant in either local, national or international affairs. On-the-spot radio or television news coverage may inadvertently jeopardize a delicate local, national, or international situation. A delay in reporting such an event may properly be indicated. I do not classify this as censorship. It simply reflects responsible self-discipline in making judgments based on a great deal of experience and professional integrity on the part of the newsman.

TV has an added hardship in that it serves both as a news reporting medium and platform for various political views. Unlike the editorial section of a newspaper or magazine, the TV viewer is not always able to emotionally or intellectually distinguish between the two. TV bears a responsibility in news presentation which is greater than any others news media before in our history. Mistakes have been made and will be made in the future. However, the Broadcast News media on the whole has met, in my opinion, and dealt with each new challenge as it appeared. This has been accomplished through the broadcasters' self-imposed code. This responsible approach is the only way the forward looking responsible broadcaster maintains the rights granted him by our Constitution and the corresponding duty which any right involves.

We now have a new factor to deal with. This is the ETV station and the support it will receive from the newly created and as yet unfunded Public

Broadcasting Corporation. I believe that the proper acceptance of the ETV station can bring a new dimension to both the commercial and ETV stations.

Network and locally originated news has matured and, in my opinion, performs a very, very good job. I see no reason why ETV stations under the Public Broadcasting Act should compete in the area of regularly scheduled hard news. The ETV station can perform a worthwhile service in analyzing the news, panel shows and editorials in depth.

I recognize, of course, that there is no such proscription in the enabling legislation and as a matter of fact, the Carnegie Report which is the catalyst of the Public Broadcasting Act makes much of the contribution that they may make in the area of live news. On reflection, I merely indicate my concern with such programming *not* because I would not trust the integrity of the PBC broadcaster but rather because I believe live news may carry the appearance of bias from a government sponsored corporation. Unhappily, human nature is such that bias is defined as that with which one disagrees.

As I read the debate on the Public Broadcasting Act of 1967, however, I am struck with the legislative intent of not creating competition to the existing broadcast structure but rather to provide a new and exciting choice to the discriminating audience.

With the Board of Directors appointed by the President and the use of Government funds, it is difficult indeed to look at ETV as a completely non-government function.

Actually, in this area of financing ETV broadcasting, I believe that significant financial contributions from commercial stations may result in substantial benefits to all parties, including the public. I have considered various proposals for government and private support, including the excise tax of 2-5% on new TV set sales and charitable contributions by commercial broadcasters, private industry and various foundations.

I feel that industry support of ETV should properly be considered a business expense of the commercial broadcaster. I have from time to time attempted to create a dialogue on an idea I have had. I might as well try it on you. All broadcast stations are licensed to serve in the public interest. This has been interpreted as including a concern with the type of programming that a proposed station intends to "air" to "serve the needs of the community."

The concern of the Commission with programming vis-a-vis a prohibition against censorship has been a complex administrative problem. It seems to be resolving itself into a deep concern with the expertise of the licensee in the programming area. The Commission concern is to insure that the licensee is indeed an "expert" in the needs of the community and how these needs are being served by competing media. When analysis shows him a void that he can fill by his programming schedule, he files his proposal with his application. The Commission properly quizzes its licensees as to what they have done to make themselves "expert" and having reached affirmative judgment, largely relies on the programming proposals submitted by the applicant. Thus, it becomes the licensee's "promise" against which is measured his "performance" at renewal time at a later date. One caveat. It would be unrealistic for the commission to bind the licensee to his precise promise for a three-year license period. New media enters the market, the effect of which the licensee analyzes to determine what, if any, programming changes he should make to tailor his so-called "void." After notification to the Commission, this amends his original proposal. Thus we have, for example, stations which program all news, religion, ethnic, advertising and music. This presupposes that the licensee survey has shown the totality of other broadcasting media provides the community with well-rounded programming.

The basic problem with commercial broadcasting today is the intense competition for a small amount of broadcast time. There are only 18 hours at most in the full broadcast day. Actually, given our living habits, there are only three or three and a half hours—usually from 7:00 to 10:30 P.M.—when most adult human beings find it convenient to watch television. The broadcasting networks and broadcasting stations are in an enormous competition simply to deliver the largest possible audiences during this time segment. With the exception of the 7 o'clock news programs on some stations, the *general* public generally has no choice but to watch the mass appeal programs. At the risk of being inconsistent with my previous remarks, I might say that on Sunday night even the news programs are somewhat curtailed. Moreover, only a minute or two can usually be given on the news programs to, say, a major report on a very basic issue—a report to which even the small newspapers would give a thousand

words and which would be reported in full in some newspapers and magazines. In brief, on most evenings the average citizen who wishes to be better informed or to stretch his mind a bit or even dip into the best in our culture has no opportunity to do so—he is deprived of choice.

The educational station in a service area is a part of the media that the licensee analyzes. To the extent that the educational station is airing special interest viewing, it may not be necessary for the commercial station to carry as much of this type programming as might otherwise be necessary to "meet the needs of the community."

Thus it seems to me, the commercial station has a selfish motive in insuring the continuation of a viable educational station, and limiting his obligation to carry programs that he cannot sell. By appropriate encouragement, he might be persuaded to undertake an annual contribution to the station, in his budget, to insure that the educator stays on the air for a full program schedule. Under this reasoning, he should be able to charge off such contributions as a business expense. To this extent both the responsible commercial and educational TV stations serving the same community can better allocate their prime time evening hours. For example, the commercial station could provide greater depth in its regular hard news coverage realizing that the in depth analysis need not be provided because this is the function of the adequately financial ETV station. As a matter of fact, on a current basis, there is a possible marriage between commercial and ETV television stations. (I hope one or the other will not get pregnant.) ABC has already announced that it does not intend to cover the Republican and Democratic Conventions from gavel to gavel. I do not see why all networks could not cooperate and financially support the ETV coverage from gavel to gavel. The networks would then be free to monitor the entire conventions and select for presentation what they choose. Also any member of the public, would have a choice to view the entire proceedings over ETV.

A commercial station can, of course, make a tax deductible charitable contribution to an educational station. However, I find that revenue regulations limit tax deductible charitable contributions of all kinds to 5% of the companies' taxable income and this could be a limiting factor on the amount the commercial station could contribute to the educational station. If my reasoning is sound, it follows therefore that support should be given to a proposal to regard these contributions by commercial stations to educational stations as a business expense. The presentation of news over broadcast media has now become one of the public's primary sources of news. They want more of it and they want the details which are not possible with headline or capsule news presentation. They also want to know what the other fellow thinks.

One of the matters you will be discussing in this National Television News Conference is a new element—public opinion polling. Regardless of the judgments you may reach on the merits of television polling, I welcome the broadcasters use of new methods to inform the public. From what I can observe, the public opinion is not without problems. Students could have a ball loading the results. They can have one group repeatedly call in with a "yes" vote and another group with a "no" vote. This not only distorts the public's view but also may deny the vote to someone with a genuine interest in the issue. It is also possible for special interest pressure groups to alert their membership and insert an unknown loading factor. Many other statistical inaccuracies can creep into such polls. Time Magazine in its October 20, 1967 issue cited an example of one city having inconsistent votes on related questions and that one station discontinued its poll when 82% of the listeners indicated they believed poll results invalid. In essence, the question is "Do broadcast polls or poll results constitute news?" The broadcaster is aware of the problems and his response is an automatic caution signal.

The broadcast industry has and must in the future assume responsibility for the news its presents. Our system will simply not permit or tolerate news to be presented under the auspices of the government. Yours is the responsibility to accurately report the news. We both have a responsibility to make sure this right is not diluted. This requires a great deal of mature common sense.

If your judgment is to program these polls, so be it. I would caution disclaimers as to results and I would certainly coordinate closely with your local telephone company to insure that local communications are not jammed particularly those involving safety of life and property. There have been some specific examples of this problem.

Mr. MACDONALD. Mr. Kornegay.

Mr. KORNEGAY. Mr. Chairman, I have done my share of chasing rabbits this morning. I have no questions, but I would like to say I'm going to vote for the bill.

Mr. MACDONALD. I think the majority will.

Thank you all very much.

The hearing is concluded.

(The following resolution was submitted for the record:)

RESOLUTION ON PUBLIC BROADCASTING ADOPTED BY THE GENERAL BOARD OF THE
NATIONAL COUNCIL OF CHURCHES, FEBRUARY 22, 1968

The Public Broadcasting Act of 1967 is a significant step toward realizing the full potential of non-commercial broadcasting. We therefore, commend the Congress for its vision in establishing a system of public broadcasting through a private corporation, and express our appreciation to the Chairmen of the House and Senate Interstate Commerce Committee and to other persons who worked diligently for the passage of the Public Broadcasting Act.

We support the continued development of Public Broadcasting as a major educational force in American life. We believe that Public Broadcasting can and should provide a program service that will analyze and interpret the dominant aspects of American culture, including the arts, religion, economic and social life, science and technology, government, law, and democratic institutions and practices. We especially support the potential in Public Broadcasting for providing educational cultural, public affairs and entertainment programs for specialised audiences.

We believe that such a broadcast service will contribute information and interpretation on issues which the people of this country are facing, or will face, the provision of which is essential to the maintenance of an informed electorate.

We recognize the valuable role of Public Broadcasting in making possible equal educational opportunities for all citizens, through formal educational courses, and additionally, its service to the public as a means of continuing education for everyone who has completed his formal education.

Finally, we call the attention of our member communions to the need for widespread citizens support of this venture, and encourage public and private funding of both the Corporation for Public Broadcasting and educational broadcasting stations in local communities.

(Whereupon, at 12:20 p.m., the subcommittee adjourned.)



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