dates of the Communications Act and the antitrust laws, and of promoting diversity in programing available to the public and stimulating "the depressed motion picture industry."

Furthermore, it said, "subscription cablecasting offers a potential source of the revenues essential if cable operators are to perform the kinds of services envisioned" in the order in which the commission adopted its new CATV rules earlier this year. The rules require systems to operate with a minimum of 20 channels, to have two-way capability, and to provide at least four access channels.

NCTA also introduced a new element into the argument, one taking note of the increasing number of technologies emerging with the capability of providing programing for a fee. It said those who use multipoint distribution service, leased telephone lines, private microwave or any other method to distribute nonbroadcast subscription programing should be required to shoulder the same regulatory burden as pay cable, "to insure that all parties . . . are treated comparably."

(Similar points were made two weeks ago by Roland S. Homet Jr., a Washington attorney who is special counsel to the state of Illinois on broadband cable communications and a member of the steering committee of the FCC's federal-state/local advisory committee on cable regulation. Speaking at a conference on computer communications, in Washington, he said he leans to the view that government should "equalize regulated competition by correcting present jurisdictional imbalances; and at the same time make deliberate political judgments about the revenue cross-subsidizations needed to realize the social benefits that unregulated competition and unequally regulated competition will not produce.")

NCTA's position was supported by the Motion Picture Association of America, which said the rules are contrary to the commission's goals for cable television, including the development of a diversity of program sources.

Both NCTA and MPAA expressed the view that pay cable poses little threat to over-the-air television. But AMST said siphoning "is a clear and present danger," and like other broadcast industry representatives, cited the quoted remarks of cable-television industry spokesmen to the effect that their future is in pay cable. AMST, like the other industry representatives, urged the commission to adopt stricter pay-cable rules than those now in force. Those rules, AMST said, are "wholly inadequate."

The NAB perhaps put the broadcasters' point regarding the effect of unchecked pay cable most starkly: "At the end of the whole CATV origination road, the commission will find it has permitted CATV to become so bloated on the vast financial rewards of entertainment and sports originations, that free television will be uttering its last breath with a bland monotony of cheap, uncreative program fare."

And CBS said that, "in simple justice to broadcasters, the regulatory structure which provides a forced subsidy for cable at the expense of free broadcasting television [the use of broadcasting's programs] must provide protection against siphoning of attractions from free broadcasting to cable television."

ABC in a separate comment and a group of licensees of 20 television stations broke ranks with their colleagues in broadcasting to urge the commission to seek congressional guidance. And they said Congress should consider all technical means that can be used for pay television.

ABC said that not only does the commission lack the authority "to promote" any system of pay cable but that its authority over cable-television services now rests "on tenuous grounds."

However, it also said that, pending congressional action, the commission "should take such interim action—largely loophole removals—as its jurisdiction, reasonably permits."

Several of the broadcasters made the argument that the poor who cannot afford pay cable and the rural residents who live outside cable's reach would suffer the most if sports and other features now seen on television were captured by cable. However, one of the parties commenting last week said the pay-cable rules are unfair to the urban poor and minority groups and should be removed. The Urban Communications Group, of Washington, a communications consulting firm, specializing in cable, said those groups cannot afford time or money to see the sports events and films that would be barred from pay cable. But "program fees, split among a number of viewers are no financial burden," UCG said.

The broadcasters were not the only ones feeling threatened who asked the commission to take a tough stand on pay-cable rules. The National Association of Theater Owners said that the commission "should broaden its inquiry to encompass the effect of cable pay TV on motion-picture theaters and adopt regulations which would insure that the development of cable pay TV is consistent with the continued operation of motion picture theatres."

How does your garden grow? Madison Square Garden Corp. has granted cable-television rights outside New York City to Sterling Communications Inc., New York, for an undisclosed sum. Irving Mitchell Felt, chairman of Madison Square Garden, said last week that the arrangement with Sterling does not interfere with current agreements with TV stations or cable TV systems in the New York metropolitan area. Sterling Communications, 47% owned by Time-Life Cable, will distribute a package of about 200 sports and special events as part of a program service to be initially offered to cable systems in the Northeast part of the U.S. and to other areas subsequently. A spokesman for Sterling indicated that subscribers would have to pay a fee beyond their regular subscription charge for the program service.

$13.7 million merger set by UA-Columbia

Proposal will consolidate 30 systems under new banner of UA-Columbia Cablevision Inc.

Columbia Cable Systems Inc., Westport, Conn., and United Artists Theaters Inc., New York, have reached an agreement whereby Columbia Cable would acquire UA Cablevision Inc. in an exchange of stock.

The proposed merger calls for shareholders of UA Cablevision, a subsidiary of United Artists Theaters, to receive 1.0667 shares of Columbia stock for each share held. On the basis of Columbia's bid price of $17.125 on the over-the-counter market, the transaction has an indicated value of $13.7 million. UA Cablevision also is traded over the counter.

Columbia Cable operates 14 systems with about 75,000 subscribers. UA has 16 systems and approximately 62,000 subscribers.

The proposal must be approved by shareholders and directors of Columbia Cable and UA Cablevision. Upon completion of the merger, five designees of UA Cablevision will be added to the consolidated corporation. The new firm will be renamed UA-Columbia Cablevision Inc.

'72 good for cable. The Department of Commerce says that cable television should have revenues of $375 million this year—10% above last year's $340 million. The assessment is contained in the department's "Interim View of the Economy," issued Oct. 27. The report also predicts there will be 6.9 million subscribers for cable by the end of this year.

FCC sets ground rules for Illinois CATV's

Action follows request from state regulatory agency involved in jurisdictional dispute

Illinois cable systems have been advised by the FCC of interim procedures that will be in effect for their certificate-of-compliance applications while the regulatory authority of cable in that state is being decided.

The FCC ruling was requested by the Illinois Commerce Commission, which last year claimed jurisdiction over all state CATV operations. That declaration is being challenged in the Illinois Supreme Court, with a ruling expected early next year. In the meantime, the Illinois commission asked FCC to rule that it will grant compliance-certificate applications only upon showing that they are in compliance with local law. It noted that Illinois systems are currently prohibited from starting new construction unless