

the subsidy out? Have you given any thought to that?

Mr. Rogers: I will have to ask Mr. Graham.

Mr. Graham: Mr. Chairman, Senator Prowse, the subsidy in other fields is to the carrier and if we have the concept of a common carrier in telephone microwave or what you will, I should think the easiest and most direct and effective way of implementing it would be through the common carrier.

Senator Prowse: In other words, to tell them "All right, you set a reasonable rate here and then the subsidy would make up the difference"; like we cover the loss on the railways between Winnipeg and Sault Ste. Marie or something like that.

Mr. Graham: It is precisely the same idea.

Senator Prowse: The same principle.

Mr. Graham: Yes.

Senator McElman: Mr. Rogers, you have suggested that there should be no restriction on the type of commercial advertising between local, national and so on.

An integral part of licensing in this country, quite different from the United States, has been that before licenses are granted the economic viability of an existing licensee in the market area concerned is taken into account as well as the prospective viability of the new licensee.

With that as our background, in Canada do you believe that it would be fair competition that cable be permitted in its own cable casting to have national advertising in addition to the local and in addition to making available time for those who now cannot afford it?

Mr. Rogers: Well, yes, I do.

Senator McElman: You do?

Mr. Rogers: Yes. If this imposes a hardship then, of course, regulations can be set, but if we are to be responsible for producing quality local programming and we will have technical requirements imposed upon us the same as Channel 9 or Channel 6 in our market—we will presume we have to pay the same wage scales and so forth—then I see no reason to limit that by any limitation upon advertising revenues because if you do, fair enough, it will obviously restrict the activity of the

cable television station. This is a judgment for you and the authorities to make really.

Mr. Graham: Mr. Chairman, if I could enlarge a little on Senator McElman's question.

The Chairman: Yes.

Mr. Graham: We subscribe to the practice that has been followed for many, many years in Canada that licenses are not issued indiscriminately in broadcasting and that you must be reasonably assured that with good management the existing licensee and the new licensee will all be viable economically. I think that is one of the great strengths of our broadcasting system in Canada.

Having said that with respect to advertising and CATV, and I speak primarily of the metropolitan centre—in Toronto there are only two, or if you include Channel 11, which designates itself as Hamilton-Toronto—three television stations. They cannot handle the local advertising that is offered to them and I cannot see that they should have any conceivable objection on economic grounds to CATV systems being permitted to carry advertising.

There may well be an effect on radio but this is another matter and not one to which you refer.

Then you get into really a question of philosophy. It is my belief that we should always start with the minimal regulatory proscriptions and only as and when abuses and problems are found, do we then inhibit the freedom of choice of the individual; but from a philosophical standpoint I would much prefer that we do not start off with limitations.

The licensing process in this country is now on a bi-annual basis. I do not know how long administratively they are going to be able to continue to shoulder that load but certainly it would mean at least every two years, if there is an abuse or something which is proving harmful to others, it could be quickly corrected.

Mr. Rogers: By a condition of license for a particular area. I suspect it would be a particular area where you would have a problem rather than an across-the-board rule.

Mr. Graham: Yes, and just on that point, one of our greatest problems with the regulations that are proposed, and the Canadian Radio-Television Commission is encountering