AFTRA or any other labor organization. In addition, he ordered WDRQ to reinstate Nicholas to his former job or an equivalent position, and compensate him for loss of earnings.

Ripple effect cited from FTC ad ban

Anti's in fight against commission circulate study that claims it could cost $6.4 billion in GNP

A study by two university professors concludes that the Federal Trade Commission's proposed bans on televised advertising to children could cause a significant loss of jobs and tax revenues.

According to the study, a 10% drop in demand for the products likely to be affected by the proposed restrictions—including cereal, toys and candy—could cause a $6.4-billion decline in the gross national product, a loss of 284,000 existing jobs and a drop in tax revenues of $2.25 billion. In addition, a ban could cause a drop in demand, a loss in employment and a reduction in corporate and worker earnings in industries that supply the directly affected businesses. Also affected would be the transporters, wholesalers and retailers that normally handle and market the products.

The study was conducted by Eli Schwartz and J. Richard Aronson, professors of economics at Lehigh University, and is being circulated by the Chamber of Commerce of the United States, which has been pushing for regulatory reforms that would usurp some of the FTC's power. The paper was commissioned by the Washington law firm of Patton Boggs & Blow; Thomas Boggs has been active in the fight against the commission for the Chamber of Commerce and other groups.

The study notes that while a loss of sales in the affected sectors of the economy could eventually be accommodated in other sectors, "the costs and time required for such adjustments are not easily ascertainable, nor is it determinable whether full adjustment would ever be attained."

The study adds, however, that the estimates probably understate the extent of potential costs. "We have not estimated the potential losses of capital and investment values involved in such adjustments, and these should not be lightly dismissed as falling only on a small part of the population. Investment securities are held in pension funds, mutual funds, charitable and educational endowments; these are all part of the general savings and indirect wealth of many people, and a reduction in their value would have a widespread impact."

But a spokesperson for the FTC questioned the study's results. One basic flaw in the study, she said, is that it assumes that if people aren't spending money on the products with advertising restrictions, they won't be spending money at all. This, she said, is not how the marketplace operates, as people would be likely to spend that money in other places.

She added that a second problem with the study is that it never clearly defines exactly what is meant by ads directed at children. This could mean an audience made up of 20% children, 30%, 40%, etc. The exact limitations, she said, should be clearly defined to make certain that the study is valid.

In addition, she thought that grouping large categories together—such as presweetened and regular cereals—produced a compounding effect that really wasn't indicative of the situation.

An attorney with Patton Boggs & Blow said he thought the study was important because it was the first time anyone had done such a broad cost-benefit analysis of the children's advertising proceeding.

The study predicts that the industries most likely to suffer economic effects from a band are those that sell "s substantial proportion of their output to families with children."

But it further predicts that the economic losses created by a ban are not necessarily permanent, and some of the demand might shift to other products. "The potential economic effects of a television advertising ban may be termed as estimated dislocation or re-adjustment costs," it says. "How long such dislocation costs would persist is difficult to calculate."

Ferris fights Hill veto

Congressional proposal that would provide for override of agencies would be counterproductive, he says

FCC Chairman Charles Ferris last week registered his concern over congressional legislation that would subject rules and regulations proposed by executive and independent agencies to a veto by either house of Congress.

Testifying before a Senate Judiciary subcommittee, Ferris said that improved regulatory procedures are necessary, but he didn't think the proposed legislation would be effective. "I simply do not believe that imposing a one-house legislative veto on each and every agency action is the most effective way to achieve these goals," he said.

The bill, S. 104, whose chief sponsor is Senator Harrison Schmitt (R-N.M.), would give Congress a 60-day period for disapproval of proposed agency rules. If one house of Congress disapproved of the rule within the 60-day period, the other house would have 30 days to overturn the first, thereby allowing the rule to go into effect. If either time period expired without disapproval, the agency ruling would stand.

According to Schmitt, should the Congress reject the one-house veto, the long-term result will be "the establishment of a fourth branch of government which, immune to successive administrations and exempt from carefully defined congressional control, takes on a life of its own to govern in its vision of the public interest."

Schmitt rejected the claim that the normal process of congressional oversight can adequately handle the regulatory problem, noting that there has been "little enthusiasm demonstrated for the long and tedious process of reviewing the intimate details of agency operations." The veto, he said, could be used to target attention to specific problems and provide for responsible oversight.

Although Schmitt made only a passing reference to the Federal Trade Commission, the one-house veto has often been mentioned by critics of the agency as a possible tool to limit its actions. Action on the Senate floor—perhaps this week—will take up the FTC's authorization, at which time it is expected that Schmitt will offer an amendment to the bill that would saddle the FTC with the one-house veto.

Ferris discounted the need for additional oversight of agencies such as his own, claiming they were continually being reviewed through the oversight, appropriations, legislative and judicial processes. In addition, he expressed concern that the veto would not serve the public interest.

"I believe the potential of a legislative veto would shift the focus of activity away from serious discussion by affected parties in our own agency rulemaking proceedings, where there are considerable staff resources and technical expertise to resolve conflicting contentions, and into the halls of Congress," he said.

This, he added, would change the way the agency does business. "Our process will become a political one, as we attempt to build a political record to bring before the Hill," Ferris said. "We will respond to and negotiate with congressional staffs rather than undertaking the job of expertly analyzing relevant technical and economic factors—the job that Congress originally gave us."

Battle rages at FCC over reluctant superstation

NAB and MPAA back Metromedia's efforts to keep KTTV from going up on satellite; ASN, however, sees things differently

Metromedia's fight to prevent its KTTV(TV) Los Angeles from becoming the next superstation, picked up support last week from the National Association of Broadcasters and the Motion Picture Association of America. They filed on behalf of a Metromedia petition.

NAB and MPAA backed up Metromedia's petition to the FCC for review of a staff decision granting ASN Inc. permission to retransmit the station via satellite to cable systems (BROADCASTING, July 9).

The National Association of Broad-