

- (3) That there is an absence of a provision in the proposed legislation which would -
 - (A) Link the determination of the question of dumping as a cause of material injury to domestic manufacturers with that of the determination of the final margin of dumping;
 - (B) Allow consideration of the effects of the penalties on the full range of domestic interest."

Manufacturers have been generally supportive of the thrust of the proposals while the Canadian Importers Association has expressed opposition.

COMBINES DIRECTOR PROPOSES CONDITIONS TO ENSURE COMPETITION IN PAY TV

The Director of Investigation and Research under the Combines Investigation Act, in an intervention filed with the Canadian Radio-Television and Telecommunication Commission in September said that rivalry among pay television distributors would be the best means to ensure a steady flow of imaginative and innovative ideas. The Commission has been hearing applications for pay TV licenses from twelve national and sixteen regional groups.

Noting that pay TV does not have the characteristics of a natural monopoly, the Director recommended that the Commission:

"Allow open entry and competition in the provision of pay television programming services, subject to applicants meeting the Commission's Canadian content requirements and other conditions set out in Public Notice 1981-35."

The Director also emphasized the dangers to competition of vertical integration through ownership links of pay TV licensees with major sources of programming, with cable TV systems or with newspaper or broadcast media. He presented information showing that six of the applicants have such links. He recommended that the Commission require divestiture of pay TV systems from ownership with program production links where the number of competitors in particular pay TV markets is limited.

Pointing out that independent pay TV distributors could have their programming foreclosed from exhibition by operators of cable systems having links with particular distributors, he recommended that the Commission:

"Set in place long run policies to promote a lessening of concentration in the cable television sector; and in the interim, order compulsory access to the integrated cable operators' prime time viewing channel capacity for independent pay television distributors."

The Director also warned of the dangers to pay TV of cross-media ownership. He stated:

"Cross-media ownership is likely to reduce competition among the various media but, perhaps more importantly, results in the loss of economic incentives to fully exploit the potential of pay television. Firms with vested interests in other media may not pursue as aggressively the development of pay television that would be in competition with their newspaper or broadcast concerns."

STUDY UNDERLINES HIGH COST OF CANADIAN AIRLINE REGULATION

A study by Prof. William A. Jordan of York University Faculty of Administrative Studies concludes that the performance of Canadian airlines would be substantially improved by deregulation. Entitled Performance of Regulated Canadian Airlines in Domestic and Transborder Operations, the study was prepared for the Bureau of Competition Policy of the Department of Consumer and Corporate Affairs.

The study compares the performance during 1978 and earlier of U.S. state regulated airlines with that of U.S. federally regulated airlines and Canadian airlines. According to the author the U.S. federally regulated interstate airlines were at that time under a regulatory environment which was generally comparable to that in Canada. In contrast, there were intrastate carriers each operating within Texas, Florida or California which were under much less restrictive state regulation and which competed directly with federally regulated carriers. Under the state regulations entry by new airlines was permitted subject to safety regulations; all were permitted to choose their own routes without restriction as to types of aircraft used; extensive price competition was permitted; and there were no restrictions on service quality or quantity.

Economy fares offered by the Canadian and the U.S. federally regulated carriers were found to be virtually the same per mile on comparable flights. However, they were from 50 to 100 percent higher than those of the intrastate carriers and 100 to 180 percent higher than the off-peak evening and weekend fares of the intrastate carriers. No systematic relation between the levels of fares and profits was found, but costs of the intrastate carriers were far lower than those of the other carriers.

Much of the study is devoted to investigating the causes of the lower costs of the intrastate carriers. The author concludes that the most important factor was their high utilization of inputs, including labour, fuel and probably aircraft. He relates this, in turn to the greater specialization of the intrastate carriers. He states: