

products. We have a lot of people who are sitting around trying to design a new radio or new television set and we have some new ideas, maybe for a space command or remote control or for a new kind of tape recorder or something.

We will go into an analysis of the problems that are involved in getting in the market and what we will be faced with and how much it will cost us and how long it will take us to do it and what it will sell for and whether the public will buy it. Then we have a hard decision as to whether we are willing to spend that money and take a chance. When we do, we have to go out and have an election with that new product. We have a new product usually every May and we have a new product line every December.

We bring all our distributors in from Boston, San Diego, Denver, all over the country, and we show them that new line, what we have been working on for 2 or 3 years. They are usually enthusiastic. It is easy to get them to be enthusiastic about something. Then they go out and show it to the dealers. These dealers, of course, are also being worked on by Motorola, Radio Corp., and General Electric and the Japanese people and everybody else.

Some of those models that we make are a real smash and we have done a great job and everybody is happy and some of them are dogs and we have to spend a couple of years in disposing of them.

But you know this competitive system is a wonderful thing, really. We wouldn't have it any other way. It keeps us on our toes. It keeps us working hard. It has brought the price of our merchandise down in a descending curve, and it is better merchandise, because we are in one of the most highly competitive businesses that there is in this country.

Really, this is what is so frustrating to us about subscription television. We worked on something and made a substantial investment in it because we thought we had a way of bringing a new product, a new service, to the country, that would sell. It would be something that they would want. Ordinarily with that sort of thing we would just go ahead and spend our money and do it and that is what I wanted to do on this. But our lawyers prevailed on me that maybe we had better not do that, that the Federal Communications Commission will be very upset if you do that. So, let us go down and ask them for permission to expand this service.

Well, it really hit the fan at that time. I had no idea that the three networks would spend the amount of time and the amount of effort in trying to kill this thing off that they have. We certainly expected that the theaters would. This is a direct competition with them and we knew they would fight it.

But the whole sum and substance of the opposition to our having a chance to introduce this new service is that the networks say that "If it is approved, it will be so popular, it will be so much better than anything we have got, that it will give these people so much money that they can go out and outbid us and take every good program we have off the air, so we are going to have to close our doors."

Now, this is the basic question, really. This is the one thing that stops people about subscription television. I am sure all of you are in agreement that the congressional policy and the national policy ought to be to encourage more and better programming on television and more