

I might add here that this subscriber doesn't have a bank account. She can't afford it, so she comes in regularly and pays her bill at Channel 18 in cash. Every time, she tells the people at the station what this service means to her children and to her husband and herself.

The Executive Council of the AFL-CIO recognized this potential last month when it adopted a resolution supporting the proposed FCC order that would permit development of subscription TV. The resolution generally expressed the belief that the development of new programming resources would be in the interest of the viewing public, as proposed by the Commission's Subscription TV Committee recommendation.

Offering economy to subscribers results from the basic nature of the service: Subscription TV is a highly efficient method of distributing great box office events. It brings the stage and the concert hall, the arena and the motion picture theatre to the home rather than transporting the audience to the event. It was conceived as a way of adding a new dimension to TV by making it possible for the subscriber's home to become part of the theatre, just as the motion picture brought the stage via the medium of film to thousands of local communities far from production and cultural centers.

A good example of this economy is the Liston-Patterson heavyweight championship, blacked out to conventional TV and piped into movie theatres. In Hartford over 80 per cent of all subscribers viewed it and there was an average of nine viewers per set. The total cost for the nine viewers was \$3. At a closed circuit presentation in Hartford this group would have paid \$45 at the box office for the privilege of going from their homes to view it in a movie theatre. No wonder the theatre owners are upset and want to "protect" the home viewers!

We at Zenith have felt very frustrated at times by the specious arguments that the public needs to be protected from subscription TV. For nearly fifty years we have struggled in our business to develop and build products for sale to the public. We have literally hundreds of people in our marketing and engineering and research departments who spend most of their waking hours analyzing public tastes and preferences and designing new products to build and sell.

Every day we ship an average of two million dollars worth of radios, phonographs, TV receivers, hearing aids and the like to our distributors and dealers. Every day these products stand alongside the goods of our competitors, and thousands of people in the stores decide whether to buy a new TV set, instead of some new furniture, or new clothes, or a new car. If they decide on a TV set, they choose between ours and a dozen or more other brands. If our product is styled right and priced right and has the features the customer wants, and if he trusts our reputation for quality and integrity, he buys our product.

When we get an idea for a new product or service, we analyze it carefully in terms of cost, investment and—most important—whether it will be one which the public will want and buy. When we do our homework well, the company grows and prospers only because we can make something the public wants, and at a price it will pay. When we guess wrong about our prices or styling or features, we find out right away, because the public is quick to let you know where you stand. This is the great strength of our American free market system which accounts for our economic growth, and in great measure for our personal liberty.

I deplore the attitude that the public can't be trusted to decide this issue for itself—in free and open competition with the networks and the theatres and all the other leisure-time attractions for its entertainment budget.

Zenith developed a subscription TV system because we believe the American public, when given the opportunity, would pay a modest fee to see high quality box office programs in their homes. We believe this service will make their TV receivers more useful to them, by providing a service that conventional TV is unable to do.

The FCC has before it now a proposal for nationwide authorization, developed after many years of careful study and audience testing in Hartford. We believe this plan will enable us to launch this new service, and allow it to develop over a five year period into a nationwide TV distribution system for the finest box office programming.

This new service will be launched under the most severe competitive conditions and strict limitations and restrictions ever to face a new business. It will require the investment of millions of dollars and hard, creative effort on the part of hundreds of individuals and organizations.