It is interesting to observe that the Fourth Report recommends FCC regulation of programing of cash box TV. As Chairman Hyde has confirmed, this is a new and brave concept—interfering with the nature and kind of telecasts, and ordering the stations to use this proportion of feature films and that proportion of sports events. Similarly, the FCC will say "no commercial ads."

We are dealing with a powerful industry. How long would the Commission withstand the pressure of that industry to permit mercantile ads on STV? How long could the Commission ward off the blows to change the nature of the programs?

It is interesting to note that for fear of being guilty of "censorship" and violation of section 326 of the Communications Act, the FCC in the past studiously avoided touching programing—even a minimal of programing.

If it had taken the plunge long ago and had really regulated in the public interest—had regulated and policed programs—we would have a far healthier free TV industry today. But it failed and refused to regiment or regulate programing and thus quality was sacrificed to quantity—quality of telecast was deemphasized in order to permit more programs with highest appeal to the lowest intelligence—with the greater cash box return.

If we have pay TV I doubt that the Commission will remain fixed in a determination to regulate by controlling programs and prohibiting ads. I doubt that the Commission can succeed in this.

The odds against it may be too great. Just as water constantly dripping on a stone can wear it down, so unremitting pressure of many sorts will wear down the Commission.

The fact is that even now pay television enterpreneurs want the grand prize free of any restrictions. At the very threshold, they want no rules. They want to be utterly free to do everything and anything they wish with a public resource.

We are told by the Subscription Television Committee that pay television will provide a beneficial supplement to conventional television programing; that the impact of subscription television on conventional television will be minimal; and that while some preempting of time and siphoning of programs from free television could occur to a degree contrary to the public interest, specially tailored regulatory safeguards will in the main be effective to protect free television (notwithstanding that some program siphoning from free television will occur in any event).

The FCC committee also looks forward to "competition" between the two systems with beneficial programing results.

Let us first take heed of where this might lead in terms of the tremendous built-in profit potential of pay television. An illuminating and, I believe, realistic insight is provided by the statement by the Association of Maximum Service Telecasters in the recent argument before the FCC.

> Once begun, the potential revenues of STV are almost unlimited. The STV-report has very conservatively estimated that subscription TV penetration would be approximately 10 percent to 20 percent. On the STV report's figures, there is a potential for STV being authorized in markets constituting 80 percent of the nation's television homes or 45,100,000 television homes. At the 20-percent penetration rate, this would give nationwide STV a conservative total potential of approximately 9 million subscribers, or 16 percent of the total television homes.