

Mr. ERLICK. That is the only way we can afford to present a program such as "Africa" which some of you gentlemen might have seen recently, a three and a half hour presentation which some individuals have said was probably the greatest program endeavor ever undertaken by the networks. We are also working with Jaques Cousteau on an underwater exhibition from which we expect to get some special programs on oceanography.

We are presenting a well-rounded news and public affairs program over the course of the year which cost the network in essence \$18 million a year out-of-pocket loss. We spent \$30 million, we recovered \$12 million. We are losing \$18 million a year on that service. The only way we can do that, Mr. Chairman, is to recover a sufficient amount from the commercial side of our operation to enable us to continue these efforts.

Mr. MACDONALD. You make it sound reasonable.

Mr. BROWN. Will the gentleman yield?

Mr. MACDONALD. I yield.

Mr. BROWN. Unless, of course, you go to subscription TV, which would provide some funds from people who want to see a specific item. Isn't this correct? Your only source of revenue is your advertising dollar; that is what you are saying?

Mr. ERLICK. Yes, sir.

Mr. BROWN. If you had another source of revenue, then you would be able to do something a little different because you would have a larger amount of revenue. Is that right?

Mr. ERLICK. I don't know that our source of revenue under those circumstances would be greater than our source of revenue under the present circumstances.

Mr. BROWN. This is a contradictory argument you are making here. You say, there is either too much or too little demand for pay-TV. We are faced with trying to find out which of these views is true. That is where the decision lies, frankly.

Mr. ERLICK. Of course, this is precisely where your decision lies. I think, without attempting to evaluate it, myself, because that is the job of you gentlemen, I think you have to evaluate the risks which are inherent and which so many have spelled out here in the establishment of a pay-TV system and in the gaining of a foothold by that system. Now, if those risks are of the magnitude which has been described, and we believe they are, then this is too great a risk to take, in our judgment, in terms of the destructive potential which obviously exists and which almost everyone admits, as far as the free system is concerned.

Mr. BROWN. If the gentleman will yield further, I would like to pursue this business point a moment.

It seems to me that if you are not selling an adequate amount of network time because you are a small network with fewer outlets than CBS or NBC, you would look for some way to get additional revenue—I find it difficult to phrase what I am thinking—well, you said you were losing money.

Mr. ERLICK. On the network; yes.

Mr. BROWN. If you are losing money on the network, I would think you would be coming in here and asking, "How about opening this thing up so that we can get in on subscription television and have