

another source of revenue besides advertising?" If you are the Avis of the outfit, would you not like to find another source of revenue to be able to expand your business and perhaps compete more viably with the largest systems?

Mr. ERLICK. Not a source of revenue which would undermine the other half of our business which we are now in; no, sir.

Mr. BROWN. I don't know that it would undermine because I am not paying as an advertiser if I pay to watch something; I am paying as a box office fan. I am using my money rather than—as Mr. Preminger said, and I am being the devil's advocate for a minute here—having to absorb the dog food commercials which I don't find as offensive as he does because I like dogs. Rather than absorb that, I might want to put down 50 cents or a dollar or a dollar and a half to watch "My Fair Lady" which would go to ABC rather than going to CBS or NBC because they could finance it with the dog food commercials.

Mr. ERLICK. If I might answer it this way, I can make it clearer.

If there were an attraction on pay-TV on the market, say between the hours of 8 and 10 at night, the prime time, of great magnitude, then the audience is obviously going to be diverted to a substantial extent from the stations offering a free television service.

Mr. BROWN. You have all those poor people who can't afford to watch, according to what was said here.

Mr. ERLICK. There are a number of those; that is true. But a substantial portion of the audience, if the attraction is great enough, is going to be diverted. If today's game were on this afternoon, I don't think anybody in this room has any doubt that a substantial portion of the audience would be watching that game. If that is true, the audience remaining on the free station has got to be decreased and the price you would get from the advertiser is decreased. Consequently, the amount of money we can spend on public affairs and news programming and other public service efforts is bound to be decreased so that the service is bound to be harmed.

Mr. BROWN. That is only on one network, this game today.

Mr. ERLICK. Yes, sir.

Mr. BROWN. So they got the advertiser to pay the top dollar to get that game.

Mr. ERLICK. Yes, sir.

Mr. BROWN. If I want to watch it without commercials, I can't watch it, can I? If I can't watch it today, I may want to watch it tomorrow night sometime. It seems to me that if you got into this business, and I realize under the proposed FCC regulations you can't, you might wind up being Hertz rather than Avis.

Mr. MACDONALD. How about National?

Mr. ERLICK. We have said that, should pay TV be allowed to be established and should it look to us as if it is going to become a going enterprise, we certainly would get into it. We have never said we would not. We are saying now that we think it is in the public interest that it not be established. But should Congress decide that it should be authorized and the Commission so direct it, then I think we would take a very good look at it with the results I think I have just outlined in terms of the free service.

Mr. BROWN. Thank you, Mr. Chairman.