

more than three markets. It was hoped that trial operations would shed some light upon the important policy questions involved in the establishment of pay television as a permanent medium, particularly its effect upon the free system.

The issuance of the First Report stirred much critical comment. The House Committee on Interstate and Foreign Commerce held hearings on the First Report and adopted a resolution stating that until the Communications Act was specifically amended to grant the Commission power to authorize pay television operations, no such action should be undertaken. The Senate Interstate and Foreign Commerce Committee took similar action. The basis of Congressional apprehension was that so-called "trial operations," and the consequent investment of large sums of money in pay television systems by promoters and by the public, would virtually establish pay television as a *fait accompli* without specific Congressional approval.³ In response to these fears the Commission issued its Second Report which withheld the processing of applications filed under the First Report until the expiration of the 85th Congress.⁴ This policy was voluntarily continued by the Commission until the end of the 86th Congress.

Upon the expiration of the 86th Congress, the Commission re-evaluated the matter and issued its Third Report.⁵ The Third Report readopted and reaffirmed virtually all the conditions for trial operations set out in the First Report, the only significant changes being that trials would be now limited only to any one of the 20 major markets which receive four television stations, and that authorizations would be further

³ See Remarks of Congressman Oren Harris, Chairman of the House Interstate and Foreign Commerce Committee, 105 Cong. Rec. 5362. In addition, numerous bills have been introduced in Congress which would have prohibited the Commission from authorizing pay television operations. See, e.g., H.R. 586, 85th Cong. 1st Sess. (1957); H.R. 166, 86th Cong. 1st Sess. (1959); H.R. 68, 86th Cong. 1st Sess. (1959); H.R. 3020, 86th Cong. 1st Sess. (1961); S. 2268, 86th Cong. 1st Sess. (1957); S. 591, 86th Cong. 1st Sess. (1959).

⁴ Second Report, 16 R.R. 1539.

⁵ 16 R.R. 1540a.