

Zenith can't impose the condition legally that it told the committee it wishes to follow.

Let me say again, I think Zenith is quite sincere in what they are doing. But Zenith is not the only one in this ball game aside from the fact it is not the only system; there are other systems, aside from the fact that they can't bind their future managements.

Now Mr. Brown raised a point I think, a very good one, to which I would like to address myself. The point was that we have so many UHF stations that are unallocated. How can you say that there is a demand for scarce spectrum space? Aren't you being foolish by using this argument when so many UHF stations lay fallow? That is an argument.

But I think there is an answer and the answer is this: First, the great number of those stations which lie fallow are allocated to the smaller communities, not to the large ones. They are in very small towns. They would not be put into operation even if pay TV existed, the audience is not there.

Some of them, over a hundred, are reserved for educational stations. Someone pointed out earlier that perhaps with one or two exceptions there are no unallocated UHF stations in the top 51 in the United States.

As a matter of fact, the last ones in Cleveland were just allocated after bitter fights. People are willing to spend thousands of dollars in legal battles to get the UHF stations in a big city. If anybody has an open UHF station in a large city and does not want it let him turn it in.

I will guarantee there are four people trying to get it. There is no real shortage of UHF in the major markets which is in the community where this would be issued.

There are some arguments made by Mr. Ottinger, by others, by Mr. Preminger, that we need this because it is going to force competition. Pay TV is going to put in their best efforts. This will force the networks to compete.

I don't think so. Why? There are two reasons. The networks have frankly said if this is authorized we have a responsibility to our stockholders, we are not going to sit by and let that bonanza flow to pay TV.

Second, we will get into it from the production end.

If this thing comes to fruition, they are going to produce programming. After all, that is their business. They are one of the greatest sources of program production. What makes anybody think they are not going to go into that business? They are in the business now.

You will have the networks on the one hand trying to protect their investment in the free system, on the other hand they are going to be producing things to put on the pay television. Thus, what they feel will go on pay television they will put on pay television.

What they feel will go on free television they will put on free television. It will be quite similar to the arrangement that used to be present in motion pictures before the Paramount decision.

I think this argument about competition is a little unrealistic.

Many members of this committee have rightly said, what is the Hartford experiment, what did they really do? Zenith gave you what they did in this blue book. One of the significant parts about the book is the date, it says March 10, 1965.