

As a matter of fact, we have had some problems as I recall with short fights and people demanding their money back and breakdowns, there have been problems. One of the interesting things is, there is this difference, we build our own theaters.

Mr. MACDONALD. You do what?

Mr. GAYNES. We put the money up to build our own theaters. The method by which we reach these people is by money we have expended. We don't ask the Government to build the theater for us.

Mr. MACDONALD. I haven't heard of any, except the new bill that we have, I haven't heard of any TV station asking the Government to put up their station either.

Mr. GAYNES. Because of the system we have they get the most important aspect of their business virtually free, that is the license, the right to use public facilities. That is a kind of subsidy. It is only given that right because we are going to use it, or the television stations are going to use it in the interest of public convenience and necessity which I think is all the people.

The theaters are different.

Mr. MACDONALD. You are talking about the poor people who are going to be robbed of their right to see things for free. I have never gotten into a theater free. Do you give away tickets to people?

Mr. GAYNES. No; we don't. We take our risks, we spend a lot of money on theaters. We spend a lot of money getting films in, we spend a lot of money on advertising. We hope enough people will come in on Saturday and Sunday to make up for the middle of the week when no one is in that theater.

Mr. MACDONALD. My only question is what is the relative between your taking a championship fight or something you think can be sold to the public and what pay TV would do? It just moves it from the home into a large amphitheater.

Mr. GAYNES. I think there are two basic differences. First, as I said we don't use public airways to do it.

Mr. MACDONALD. You do. How does it get in the theater?

Mr. GAYNES. By wire.

Mr. MACDONALD. Whom do you pay?

Mr. GAYNES. I don't know. I guess we pay A. T.&T.

Mr. MACDONALD. You know the thing we have kicked around, the Clay fight, in Phoenix that got blacked out because it was shown in the theater in Phoenix. Isn't that correct?

Mr. GAYNES. I am not familiar with the Phoenix situation but the people who blacked it out, I think, were the people who owned the rights to it. They felt they could get more money.

Mr. MACDONALD. They could not have done it unless the theater people had permitted it to be done.

Mr. GAYNES. That is true.

Mr. MACDONALD. Aren't you talking out of both sides of your mouth?

Mr. GAYNES. No, because I think the occasional theater TV presentation will not have the effect on the free TV system that this is going to have. I still say that we are not using the public airways. We were not given this theater on the representation we were going to serve everybody. Aside from that, the occasional theater presentation, how many times do we have it? It has not destroyed or even impaired free television yet. I don't think it ever will. It is a different kind of thing.