

That seems to be a broadening of production of programing. I would agree with your oral comment and disagree with the written views.

Mr. GAYNES. I think that if you do decide to do this you will create the demand which now doesn't exist by the very fact that you are doing it. As of now, if you really protect the free system, I don't think there will be any beneficial supplement. But there will be a beneficial supplement if you take what we now have free off; yes.

Mr. BROWN. Finally, let me suggest to you two things.

I agree thoroughly with Dr. Backman that advertising does reduce the unit costs of products and I am all for it. That is part of the free enterprise system. I would like to know if there is an adverse effect on movie theaters from competition of free television because of the limitations in the size of the total available audience. You have not touched on this at all and I think it would be a very strong point in your argument against pay TV. But I don't know if it would be; I would like to have the facts.

What has happened to the number of theaters in the United States since the institution of free television and what has happened to the theater audience that goes out to see a movie?

Let me just make this one other point in that connection: Again it seems to me that if somebody put a buck in the set to watch it at home that it may be a little cheaper for all these poor folks everybody seems to be worrying about to be able to sit at home in their underwear if they want to without having to hop in an automobile and drive to the city to watch a first-run production and pay two bucks for the garage and three bucks for each theater ticket and so forth.

Can you give us some statistics on the numbers of theaters and the numbers of people who pay to watch presentations in the theater and also the numbers of dollars spent in theaters with reference to free television which certainly, I would think, is a competitive factor in the theater business?

Mr. GAYNES. I cannot off the top of my head give you figures. I will do so. I will say the number of theaters has declined but the number I don't know.

Mr. BROWN. The number of theaters, the audience in theaters and the dollars involved.

Mr. GAYNES. I certainly will do so.

(The information requested follows:)

MARCUS COHN, LAW OFFICES,
Washington, D.C., October 18, 1967.

Re hearings on pay television.

HON. TORBERT H. MACDONALD,

Chairman, Subcommittee on Communications and Power, House Interstate and Foreign Commerce Committee, Rayburn House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Last week I had the pleasure of appearing before the Subcommittee on behalf of the National Association of Theatre Owners and the Joint Committee Against Toll-TV on matters involving pay television. Members of the Subcommittee requested that, if possible, I furnish certain information concerning the effect of television upon motion picture exhibition houses. This letter is in response to that inquiry.

1. You inquired as to the relative number of motion picture theatres in the United States prior to and subsequent to the advent of free television. The information at our disposal indicates that in 1946 there were 18,750 motion picture theatres in the United States. In 1963 this number had declined to 12,652 motion picture theatres. While we do not have any definite figures available, it is esti-