

I might mention that, of the so-called cultural programs that were to be the staples of pay TV, a total of only four concerts and only four opera and ballet programs were presented in Hartford over a 2-year period. There is little doubt on this point.

The report of the FCC's Pay TV Committee recognizes that pay TV programs would be largely duplicative of free television programs. It states that "the reality is that the major part of the programming, as opponents had argued, will be of a kind that would appeal to a mass audience." (STV Report, para. 56, at 19-20.)

The other day, Mr. Wright, of Zenith, when he was before you, did not even mention diverse cultural program offerings. You hear this from other proponents of the pay TV who have not operated a system over a period of 3 or 4 years as Zenith has but you don't hear the promises of culture from the experienced people who have seen the balance sheets. Previously, Zenith talked culture but they sold movies and sports. Now they talk "free enterprise" and "competition," but they still sell movies and sports. It is somewhat ironic to hear this kind of argument from a business entity that would be a legal monopoly under the proposed Commission rules and is said to be a natural monopoly even without the proposed rules.

As a practical matter, the promises for pay TV's beneficial supplementary programming have proven to be lacking in substance. Yet, the pay TV report says to go ahead with permanent authorization of pay TV without regard to the realities of the situation. We must face up to the question of whether the public need for pay TV programming, which would be duplicative of free television programming, justifies the use of scarce broadcast frequencies and the likely, if not probable, impairment of free television service for all the people.

One need only look at the recent action of both Houses of Congress in passing the Public Broadcasting Act of 1967 and the revitalization of UHF broadcasting under the stimulation of the All-Channel Receiver Act to know that free television broadcasting is well on the way to bringing into being what pay TV has promised and cannot deliver. These positive developments with respect to increased program diversity for free television service could be impeded by establishment of pay TV.

Much of the argument has revolved around pay TV's chances for financial success. There are those who minimize its threat merely because it would not be a "beneficial supplement" to free television. They suggest, therefore, that pay TV would not create sufficient public demand to allow it to succeed financially.

The question, however, is not whether pay TV should be given a chance to fail, but what will happen if it were to succeed. It is precisely because we know that pay TV would not be a beneficial supplement that MST believes that it would have to attract free television's audiences by siphoning programs and talent now available free of charge in order to survive.

Pay TV does not have to be very successful to impair free television. It operates with box office economies which, when compared with the cost-per-thousand economics of free television, would allow pay TV to outbid free television for programming and dominate it at the local and national level. Even based upon the revenue figures derived from the Hartford failure, nationwide pay TV could easily have annual