revenues of $1 billion, and this at only 16-percent penetration of U.S. television homes. This is almost half the total of 1966 broadcast revenues of all three national commercial networks and their 15 owned and operated stations and all 593 other commercial television stations in the United States. That is at a 16-percent penetration.

Of this $1 billion, pay TV program revenues alone of at least between $550 and $630 million would almost equal the total program expenditures for the three commercial networks in 1966.

By adjusting the figures for family program expenditures to only $1.25 more than the weekly figure for Hartford's 2 hours of run-of-the-mill programs a day, or raising the cost per program slightly, one can project program revenues alone for a moderately successful nationwide pay TV system of at least $1.1 billion, which is greater than the total program expenditures of all commercial broadcasting in 1966. This is still at a 16-percent penetration.

Increase the penetration rate, as pay TV can do once it begins to "snowball," and the program and other revenues climb that much higher.

You can buy a lot of feature films, sports events, and other entertainment for the kind of money that pay TV would make. Pay TV program siphoning would seriously impair the ability of free television to serve all segments of the American public, including the approximate one-third of American families who would be unable to afford pay TV, plus those who could afford pay TV but live in areas where the economics do not justify its establishment.

As may be seen from the detailed analysis in MST's "Further Comments," which we have just put into the record, the complex proposals of the pay TV report, which are intended to minimize this harmful siphoning, would simply not do the job. For example, the rule proposed to limit siphoning of feature films from free television would not cover at least one-third the feature films to be shown by the three commercial networks in the 1967–68 season, as they have been announced thus far.

Moreover, any sports event now shown on free television could be siphoned to pay TV. This siphoning would not take 2 years, as this committee has been told, but could be done with only a 1-year wait or blackout on free television and, in many cases, not even a 1-year wait.

There has been considerable discussion this week about the proposed FCC rules for pay TV as they would affect sports events. Quite understandably, there has been a certain amount of confusion. Let me say, first of all, that the proposed rules regarding sports are quite complex. It is certainly understandable that confusion has been created. I do not blame you one bit for having problems with these things.

However, the proposed FCC Fourth Report and Order does set forth the proposed rules although, as I say, they are somewhat complicated. First of all, it is important to understand that there are two kinds of sports events established by the proposed rules. The first type is what are called specific sports events. These include such features as the world's series, the all-star game, the various bowl games, league championships, and, of course, they extend not only two baseball but other kinds of sports, as well.

The second type is what is described as nonspecific sports events. Generally speaking, these include those games played as a part of a