

(Mr. Sagall's prepared statement follows:)

STATEMENT OF SOLOMON SAGALL, PRESIDENT, TELEGLOBE PAY-TV SYSTEM, INC.

My name is Solomon Sagall. I am President of Teleglobes Pay-TV System, Inc., whose address is 400 Madison Avenue, New York, New York 10017. Teleglobes is one of the pioneers in the field of Pay-TV. It has developed systems for use both over-the-air and over cable. Teleglobes holds approximately 30 granted patents of which nine are in the United States as well as several patent applications.

I had the privilege of testifying before the House Committee on January 21, 1958.

I will address myself today to a number of specific points:

Why subscription-TV? May I quote in this connection from my testimony given to the House Committee nearly 10 years ago?

"The whole conception of Pay-TV is a natural result of dissatisfaction on the part of the American public, with the substandard, low-level anemic programs that they have been offered for so many years.

"Some of the purveyors of TV entertainment have been treating the American public as immature children, dumping on the airways third-rate material, being only concerned with filling air time.

"Television has largely become a kind of a soporific, a mild narcotic having the effect of preventing the majority of the viewers from exercising their thinking faculties. Television, instead of being the most dynamic, most stimulating force towards creating interest in higher quality entertainment and culture, has had largely an opposite effect."

Has there been a change for the better during the decade that has elapsed? I will claim your indulgence in quoting a few excerpts from an article published in the New York Times of October 23, 1966, by Mr. Jack Gould, its Television Editor, entitled "Almost of Age and No Prospect in Sight":

"How long, then can TV go on saying that it is young, underdeveloped and in need of time to find itself? Two decades is a long period in which to grow up, yet TV is in deep difficulties * * *.

"Television has a deep-rooted problem that is becoming more evident with each passing year. The medium patently does not really require an incentive to improvement in its daily output. It can be wildly profitable by just doing what it is doing, and reap handsome dividends from sustained mediocrity. Even if there were substantial defections of viewers, the remaining audience would be more than enough to make television a sound advertising buy."

The article goes on to say:

"The medium is living dangerously on borrowed time, and reflects unmistakable signs of overwhelming executive fatigue. The tired men cling to their saddles and do not want to step aside for a new generation * * *."

Mr. Chairman, this was an article published in the New York Times on October 23, 1966. A year has gone by. Has the situation improved since? Most emphatically—NO. It is illuminating to quote some excerpts from the same Mr. Gould in the New York Times of Sunday, September 24, 1967. The article is headlined "Baloney Sliced Very Thin":

"With the completion of the premieres of the new season, the report card of the networks makes for dismal reading * * * taken as an overall group, the network crop of weekly features is probably the sorriest collection in many years. The bankruptcy of the Hollywood Factory is manifestly complete, and discerning network executives whose thoughts must turn immediately to the 1968-69 season foresee little or no promise in the ideas being advanced for a year from now.

"All in all, the new season is electronic baloney sliced with a minimum of imagination and innovation.

"The current season suggests primarily a weary band of old hands who are exhausting the tried and true formulas and have lost their zest for recognizing that broadcasting—like all affairs of mankind—now faces a radically different new day."

Conventional, or advertiser-financed, TV has had 20 years of growth, 20 years of unparalleled affluence and prosperity and still has been unable to offer anything better to the American public than the same stale diet. Why is the result of the last 20 years so dismal? It is because the networks have had an unhampered, unrestricted monopoly of the nation's airwaves, one of the nation's greatest natural resources. Only competition of the kind that STV may be able to supply could jolt