

New York Times by Jack Gould, its television editor, on 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.

This is the explanation why there is growing dissatisfaction with the present-day commercial TV programs.

May I deal now for a moment with a vital point, the quality of the Hartford programs.

Hartford, I think, did as much as it could under the difficulties and uncertainties of the test operation. Incidentally, I would like to reply to a question posed here: Why are there no other pay TV tests?

The Teleglobe System was approved for a pay TV test by the Commission in Denver, Colo. We did grant a franchise to the firm of McFadden-Bartell, publishers and operators of radio stations.

Because of the stringent FCC regulations governing tests, our franchise holder was unable to proceed with the test, after having sunk into it almost a quarter of a million dollars. They had difficulty at the time of getting programs from motion picture producers.

All this has been set out in briefs filed with the Commission. I think a great deal of credit is due to our competitor Zenith and RKO-General who had the means and courage to go ahead with their Hartford test.

But anybody else who would have contemplated to go into further tests and experiments really should have had his head examined.

Now coming back to the Hartford programs, that does not mean—

Mr. MACDONALD. Excuse me, sir. Would you mind expanding on that?

Mr. SAGALL. There is not the slightest chance of making a success with an experimental operation under the test conditions imposed by the FCC.

Mr. MACDONALD. Is that why you backed out of Denver?

Mr. SAGALL. That is why our franchise holders were unable to get going.

Mr. MACDONALD. What was the relationship between your company and the franchise holder?

Mr. SAGALL. We granted them a franchise under the Teleglobe patents.

Mr. MACDONALD. You charged them?

Mr. SAGALL. Yes. We would have charged them a royalty of 5 percent. It is a public document filed with the Commission.

Mr. MACDONALD. I haven't seen it. That is the only reason I have asked.

Mr. SAGALL. I am explaining that this information is public and in the same way, as the Zenith franchise contract granting similar terms in respect to Hartford to RKO-General, is on file with the Commission.

Mr. MACDONALD. Why would you have to be out of your mind?

Mr. SAGALL. Not we but anybody who would be willing, as McFadden-Bartell did at the time, to spend to the tune of a quarter