

of a million dollars. McFadden-Bartell had a great deal of support of public opinion in Denver.

The Denver Post came out in favor of giving every possible help to McFadden-Bartell to introduce pay TV in Denver. They stated it would make a valuable contribution to Denver's cultural life. They felt there would be an improvement in Denver television programs as a result.

Indeed, I don't want to tire you, Mr. Chairman, but I have here in one of the briefs filed with the FCC the Denver editorial. May I continue?

Mr. MACDONALD. Yes, sir, but I am not really sure why they backed out.

Mr. SAGALL. First of all, they had difficulty in getting programs. They were starting in 1963. They were supposed to start in Denver a year or so after the Hartford operation started. Hartford had difficulty in getting motion pictures. They only got them from a couple of companies, Warner Bros., I believe, and perhaps one or two other companies.

The majority of the motion picture producers refused to supply such programs. Hartford and RKO-General had to make representations to the Department of Justice before they were able to get the other motion picture producers to fall in line.

When McFadden-Bartell came to the same motion picture producers who originally were willing to supply Hartford, they refused.

They said—

We have taken a chance on Hartford; we antagonized the theater owners. Let some other motion picture company take a chance in Denver. We don't want to bear all the criticism and the stigma for supporting pay TV.

Mr. MACDONALD. How many sets of whatever you call them did you contemplate to lease to these people in Denver?

Mr. SAGALL. The original statement filed with the Commission set an experimental ceiling—remember, it was only experimental—of 2,000.

Mr. MACDONALD. I don't quite understand why the motion picture people would get that exercised actually, just 2,000 families involved.

Mr. SAGALL. The theater owners are a very powerful body. They were at that time even more than now, the bread and butter of the motion picture producers.

In the intervening years the sale of motion pictures to television stations has been gradually increasing. Of course, they have now two customers, theater owners and commercial television. Both of them today are, of course, against pay TV.

I would like to deal with the Hartford programs. I am not satisfied with the performance in Hartford. Quite to the contrary, I firmly believe that pay TV, if it is to become a beneficial supplemental service in the interest of American TV viewers, we will have to do a lot more than Hartford did thus far. We will have to show more than current movies.

We will have to evolve a new program format. If people are willing to pay for adult programs to which reference was made the other day, that is good enough reason why they should get them but this type of program will have to be balanced with a far more diversified fare.