

Mr. SAGALL. I am sure something like this will have to happen. Since I visualize that there will be attracted to pay TV a new generation of directors and producers and actors and so on, they will not want just to work, it would not be economical to sell it to just one pay TV operation.

Therefore, there would have to be a number of customers. Indeed when I was referring to a new programing format I was not just indulging in fantasy. I personally and I am sure the other pay TV proponents had discussions about such programing—indeed I had many discussions with one of the leading talent agencies how to get about it, how to start with Broadway productions.

The programs will have to be sold to a number of stations and therefore we do have immediately the foundation of a pay TV network.

Mr. MACDONALD. I happen to agree with you that it will have to be more than one or two stations in operation to have any chance of financial success. My original question was, Do you think that there is room in this field for, let us say, two or more types of systems as a concrete example?

Mr. SAGALL. You mean technical system?

Mr. MACDONALD. I know that Zenith has one. I know that you have one.

Mr. SAGALL. There is also Skiatron and there is Telemeter.

Mr. MACDONALD. We will hear from them later. Do you think it is feasible to have—you know, it is sort of like having a telephone, it is not quite feasible to have two telephone systems in your house because half of your friends would have one cable and the other half would have a second cable. Don't you think that this lends itself in some ways to having just one system preempt the field?

Mr. SAGALL. Mr. Chairman, the Commission in rulemaking proceedings posed this question. Now the Commission decided against a single nationwide system. Therefore, we all have the same chance—

Mr. MACDONALD. Excuse me, sir. I did not understand.

Mr. SAGALL. The Commission recommended in the fourth report against introduction of a single nationwide system. This would have created possibly a \$1 billion monopoly for one pay TV manufacturer or developer of a system. Therefore, everybody, all the four systems known today, there may be others, will have an equal chance of competing in the marketplace and trying to grant franchises for their respective systems.

The question you have asked, Mr. Chairman, refers to another point, namely, could there be in one given market more than one system.

Mr. MACDONALD. Right.

Mr. SAGALL. Now we, like the other pay TV proponents, have said we don't object to there being more than one system even in one market, but we did indicate that we think in practice it will not work. The practical experience will mitigate against it. Namely, is it not quite like having two telephone systems.

I believe that at one time Philadelphia had two telephone systems many years ago. One was an independent, one was Bell, and many subscribers had to have both systems installed.

What would happen is that if Zenith has a better sales organization they will go into a given market. If Teleglobe has an efficient sales