

organization we will get into some markets. Now, if there is a second station which wants pay TV and if the Commission should authorize it, they can join; there is no technical difficulty in the second station joining the Teleglobe or the Zenith pay TV local network for that purpose.

Therefore, I do tend to agree, much perhaps to my regret, that in a given market it will not probably be practical to have more than one technical system.

Mr. BROWN. If the gentleman will yield, is the analogy more like the analogy on the color systems? I understand the FCC some years ago had to make a decision on which color system they would permit or encourage because it related to both broadcast and receiving of color and that they finally went with the system that was basically an RCA system as opposed to the Columbia Broadcasting System.

Is this the same kind of thing that you think we will get into? If this is broadly available and not restricted will this likely be built into the set in some way so that you can get your free or pay?

Mr. SAGALL. I don't think the analogy will hold good. The decoders of the various companies are different and the billing and collection methods are different. By the nature of things many members of the subcommittee have been referring to a coin in the slot. The majority of pay TV proponents are not going to use that. So there are differences in the systems.

Therefore, I don't know whether we could combine into a uniform decoder. I am not talking of patent arrangements. Those would have to be worked out.

The other question raised was about making it part of the television set. This would not be practical as long as pay TV is not universal in every American home. Moreover, under the FCC regulations the potential pay TV subscriber will not have to buy the decoder.

Mr. BROWN. Are you suggesting that if there are three networks in this operation there might have to be three different decoders installed?

Mr. SAGALL. In the home. There need not be if there is only one technical system authorized in the market. It could be done and I believe the Zenith representative, Mr. Wright, explained it the other day. Let us say that there is a pay TV operation on channel 4 and over an independent channel 31 in New York City and they use the Teleglobe system.

Therefore, the program is encoded by means of the Teleglobe encoder at the channel 31 transmitter. Let us say there are x number of homes in New York City which will have decoders. Now comes NBC. They would like also to use the same local pay TV network for the already installed homes for showing the program of theirs for pay. We could easily encode it at our transmitter or we could give NBC a Teleglobe encoder at their transmitter to encode the program and everybody sitting at home could tune into either channel 31 or channel 4, and there could be simultaneous transmission of two programs.

Now I may say in conclusion one more word. I offer my apologies for being perhaps late.

I would like just to refer to a little historical item. I have a son who is a historian. He dug out for me a very interesting observation that in the year 1683 the manufacturers of metal buttons for men's clothing succeeded in getting the Virginia Legislature to institute a law to pro-