

Now, the result is that all of the objections which I have heard against pay television on the ground that it will create a monopoly, on the ground that it will tend to create moneyed classes, on the ground that it will, as I heard over in the FCC hearings a couple of weeks ago, tend to inspire and bring on race riots; I don't know where in the world anybody ever got that idea but it was so declared. It will place every member of the public, subscribers and nonsubscribers, on the same parity that they are today with the single exception that the subscriber is able to get the program in color, by making a payment for it. If he does not care to make the payment for it, he does not have to do so and he will not get it in color; he will get it in black and white.

Now, this approach is entirely consistent with the American way. We have classes in this country. Let us face it. I go over to the station to get a train to go back to Chicago or I go to the airport to buy my transportation on the airline. I am given a choice. I can go back in a coach on the train and get through and sit up all night if I am willing to do so and save money, or I can go up in the Pullman, first class, pay a little more money. Even up there I have a choice between a roomette, a compartment, a bedroom, drawing room or even the whole car if I want to, or if I can do so I can rent a train. In other words, these are all recognized as a part of the American system. Not only that, they are placed under the control of the Interstate Commerce Commission or this commission or that commission so that these differences are recognized.

Now, I say in view of the circumstances here it seems entirely proper to offer a pay television system to the public which is not one that is limited in its reception to that 5 or 10 percent that Zenith has been telling about after the Hartford test. I say it ought to be a pay television system that is open to everybody in the country to get the program; if it is a good program they can get it but they can get it in monochrome if they don't care to pay for it.

Now, I am not asking that any system, any one system or another, be given a monopoly of the pay or subscription television business. It is open to anybody who can enter it properly. The only monopoly that the owners of this particular system would ask is that that is granted naturally under the patent system and is recognized as such. Even so, the patent holders are subject to the regulations of the FCC in regard to granting licenses to anybody who is entering the business.

Now, if I may, I would like to pass over to the written text which I have supplied and read very shortly from that.

I have requested this opportunity to appear before the subcommittee because the debate in the past between the advocates and the opponents of subscription television has been proceeding on the basis of an erroneous assumption. That erroneous assumption is that whenever a television broadcast transmission channel is used for subscription television service, such channel in the reception area of the transmitter would necessarily be unavailable for the benefit of all those members of the general public who are unable, or do not choose, to pay a charge.

The term "pay television" has been widely used as being synonymous with and limited to a system in which the picture is scrambled as sent out from the broadcasting station so that no member of the public who is not a subscriber to the service is able to secure that program in an intelligible form.