

they sell, the value to them of the advertising minutes which they would obtain during the course of the film's broadcast is less than \$5,000,000.

The result is that, in the television program product market, Pay TV bids the first new film away from free television networks. But, from the point of view of American viewers, what is the result? They see the same film, but pay for it rather than receiving it free. If they cannot afford to pay, they will not see it. The public interest has been injured, not advanced.

Moreover, it makes no sense to say that we will meet the problem I have described by limiting those kinds or types of programs which Pay TV can carry. Definition of what is to be included and excluded is virtually impossible. Even the seemingly rigorous limits suggested in the FCC's Pay TV Report are loaded with loopholes, escape hatches, and opportunities for gimmickry and evasion. For example, as Mr. Lindow and Mr. Anello made clear, the apparent two year limit on Pay TV's siphoning off the sports programming now available on free television is illusory. Under the Pay TV Report proposal it would not take two years. It could be done in one year and, in many cases now.

We need look but a very short way into the future to foresee the time when most Americans will enjoy not only the programming of two or three major network affiliated stations, but also two, three, or even more independent UHF stations in addition to educational television stations. The availability, free of charge, of virtually every type and kind of television programming fare imaginable will be a reality. The specialized tastes of small groups of Americans will be served, as well as the wants and interests of the majority.

We know from our experience in major market radio that, as the number of stations increases, the amount of specialized programming, e.g., foreign language programs or fine music, also increases. This will and is happening in television.

Washington, D.C. is a good example. Today, served by seven television stations, and soon to receive an eighth, our Nation's Capitol enjoys a wide diversity of programming fare, ranging from ballet to bull fights, from lacrosse games to symphony concerts, from Ed Sullivan to birth control lectures. I seriously doubt that there is a single interest or taste for which Pay TV could reasonably hope to program; as a practical economic matter, which is not today served by one of the seven Washington television stations.

It is true that the programs in which Pay TV will be most interested and for which it will pay the most are the World Series, professional football, first run films and top rated entertainment shows—the programs which all of us now enjoy without charge. But the Congress and the Commission cannot ignore Pay TV's threat to the countless educational and independent commercial stations now coming on the air throughout America. If Pay TV carries art films, ballet or opera, it will also directly deny that programming to free broadcasting.

I have heard it suggested that, because the Hartford experiment did not substantially injure local broadcasting, free television and the American people have nothing to fear. This is incorrect. The economic power of Pay TV to siphon programming from free television cumulates geometrically as Pay TV penetration grows. One isolated Pay TV station cannot bid programs away from free television. Many Pay TV stations can.

Pay TV does not, therefore, offer the American people a viable choice of programs. It offers them the requirement of paying for programs which would otherwise be free, or not seeing them at all.

The multi-million dollar competition between Pay TV executives and major advertisers will cast the die. The American people will only pay the piper.

COLUMBIA BROADCASTING SYSTEM, INC.,
New York, N.Y., October 23, 1967.

HON. TORBERT MACDONALD,
Chairman, Subcommittee on Communications of the Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This letter is submitted for incorporation in the record of your recent hearings on the subject of subscription television and on HR-12435. In submitting it, it is not our intention to burden the Committee with a repetition of the voluminous Comments and Statements which CBS has presented over a period of years before committees of the House and of the Senate, as well as before the Federal Communications Commission. We do, however, submit for your convenient reference, as attachment A, a copy of the Statement of Frank Stanton, President of CBS, before the Committee on Interstate and Foreign Commerce on