

These inordinate investments will inevitably generate their own pressures. It will be extremely difficult to terminate this test and, thus, to destroy these enterprises and investments.

I am not under the illusion that the test will immediately bring about all of the evils of pay television or that it will demonstrate the full power of a permanent authorization. But during the trial, the power to siphon will be present. If only ten per cent of the television families now viewing the Ed Sullivan Show in the nine-market test area paid 50 cents for the program, the promoters of pay television could pay the stations, take \$100,000 for their own costs and profits, and still offer the talent appearing on the show 2½ times what is now being paid.

Certainly, during the protracted period of the test, the blackout will be in operation. This would be true even if only one station in the eligible markets were broadcasting pay programs. In many of the eligible markets there are rural, outlying and fringe areas of considerable extent which receive Grade A service from only one of the four (or more) stations serving the area. For instance, in the Milwaukee area, if WISN-TV went to pay television, approximately 180,000 people would lose their only Grade A free service during the period of pay operations. The shift to pay television by a single station in each eligible test area will deprive, in total, more than one million people of all free Grade A service.

Beyond this, there is nothing in the Report to prevent all of the stations in the market from presenting pay programs at the same time during the peak viewing hours of the evening, and during that period from producing a total blackout for everybody in the market.

Broad as this test is, it may not show the full impact of pay television on free television. It is reasonable to expect the pay-television promoters to be on their best behavior pending full authorization. They may indeed occasionally give us differential calculus, as they have promised, instead of Jayne Mansfield. They may indeed leave Perry Como and the World Series alone. With so much at stake, self-restraint would simply be self-preservation.

An attempt to pass judgment on the ultimate programming of pay television on the basis of a trial is like attempting to write a book on child behavior based on the actions of children during the week before Christmas. But here the stakes are not a tricycle or a doll—they are \$6 million a year. The proponents will have the incentive, the resources, and the patience to walk carefully.

Thus far, I have been discussing the proposed test specified by the FCC Report. When appearing before this Committee, however, members of the Commission stated that they might depart from the Report and adopt varying rules on an application-by-application basis.

In these circumstances, it is difficult if not impossible for us, or this Committee, to assess the test since its rules are still being improvised. But even to the extent that the improvisation has begun, new difficulties have already emerged. For example, although no such limitation appears in the Report, the Chairman of the FCC indicated that all stations in a market might not be permitted to participate in pay television and that he might be reluctant to grant the last two or three applications in an eligible area. If this suggestion should be adopted, a built-in incentive to abandon free television would be provided. The first station to apply might have an advantage to the point of monopoly by squatters' rights. It would put a premium on early desertion from free television. The stations which remained loyal to free television would be subject to the great risk of being frozen out of pay television.

In any event, it would appear that the FCC is improvising new rules which cannot result in a meaningful test. For example, if it will not grant the applications of the last three stations in a market, or if it will allocate different hours to different stations in the same market, it may well alleviate some of the evil consequences of the test. But by the same token, it will have robbed the test of all possible validity for it will have made it impossible to prove the basic point at issue—the impact of pay television on free television.

CONCLUSION

To launch an explosive missile from Cape Canaveral over the lonely wastes of the ocean is an experiment. To drop that missile on Pennsylvania Avenue is not an experiment. The impact of the so-called pay-television experiment which is proposed will have immediate effect upon 15 million television families.

The Commission apparently believes that after inordinate investments have been made, after pay television has been in operation for years, after artists