

Finally, in order to protect special high-rating features, such as Bonanza, Peyton Place, or whatever, pay television is banned from "siphoning" such programs. Actually this is silly, because 25¢ from one million television sets would pay for a program of infinitely better quality than the customary weekly series.

The unnecessary complexity of these regulations and the 12-year procrastination in authorizing pay television actually provides an ideal case study of the folly of Government interference with the normal free enterprise system.

If over-the-air pay television had been promptly authorized, investors would not have lost \$22,000,000 in Subscription TV, Inc. Building a cable system did circumvent the F.C.C. and investors realized the fantastic potential of pay television. But where Subscription TV's proponents erred was in underestimating construction costs and the political power of their opponents.

The ruling being here discussed consists of 108 closely-written pages; but in reality it misses the entire point. The Federal Communications Commission is concerned with "protecting" free television, but why does a bureaucracy believe that an industry should be protected from competition? Why can't the bureaucracy let the American people make its own free choice? Pay television or free television should be allowed to stand or fall on its own merits. If pay television provided superior programming and eliminated the commercials to the extent that everybody preferred to watch it, free television would be wiped out. But it would be eliminated by the popular vote of the viewers! On the other hand, if enough people prefer to watch free television, it will continue to prosper. Why does a government agency feel it should "protect" an individual from exercising his own choice?

It should be here emphasized that pay television can fail, but at least it should have a chance to compete! In view of the many problems still to be overcome, the political pressures involved, and further possible litigation, nothing in this discussion should be taken as a recommendation concerning the companies mentioned.

Copies of this morning's broadcast (written by Allan MacDougall, Jr.) may be obtained by writing to E. F. Hutton and Company, 623 South Spring Street, Los Angeles 90014.

Charles Stone speaking for E. F. Hutton. Tuesday morning at this same time. David Boyle will be here with the usual Business News, now in its 26th year of continuous service to California investors.

WISHING WELL CLUB MOTEL, INC.,
Easton, Md., October 15, 1967.

Congressman MACDONALD,
Washington, D.C.

DEAR CONGRESSMAN: Pardon the omission of your first name. I wanted to get this message to you as soon as possible. The newspapers didn't print your first name.

I have followed the controversy over the question of TV as is versus Pay TV and I have not seen where Mr. Average Citizen or anyone whose business includes TV showing in the package it sells to the public, has testified.

Although, I am small in the motel industry with 30 TV sets in use and am only an average citizen I am very much concerned about the possible impact Pay TV would have on consumers and small businesses such as ours. Most motel publicity centers on the well-known chains but it is a fact that 75% of the accommodations in the country are in the small motel category. There are also many taverns, cocktail lounges and gathering places where TV has become an integral part of the business.

I belong to the National Federation of Businessmen and there are many such organizations plus Chambers of Commerce who could speak out. There is also the Small Business Administration in Washington. If none of these have the energy to speak on this issue I can assure you that I am very able to fill the void.

Yours truly,

SAMUEL J. SETTA.

(Whereupon, at 12:30 p.m., the hearing was concluded.)