

Bangor Public Library

**Bangor Community: Digital Commons@bpl**

---

Books and Publications

Special Collections

---

1955

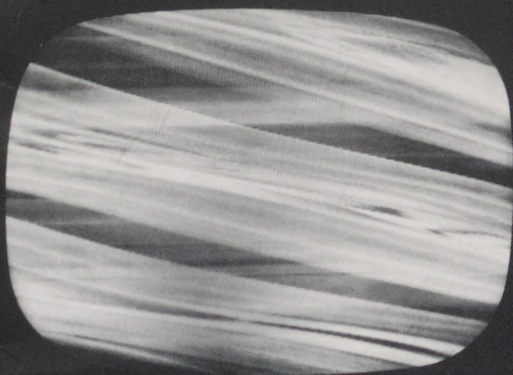
**Free vs. Pay-Television : [CBS Statement on Pay-Television by  
Frank Stanton, President, Columbia Broadcasting System, Inc.]**

Frank Stanton

Columbia Broadcasting System

Follow this and additional works at: [https://digicom.bpl.lib.me.us/books\\_pubs](https://digicom.bpl.lib.me.us/books_pubs)

---



## How Pay-Television might work (cover)

---

1. An electronic device would scramble the station's picture and sound.
2. All sets tuned to the channel at the time the scrambled program was being sent out would look similar to the upper picture. This picture could be scrambled in other ways depending on the technique used.
3. Sets which had been specially equipped with a decoder or un-scrambler could, upon payment, restore the picture of Ed Sullivan to its unscrambled form as shown in the lower picture.\*

---

\* *Ed Sullivan's Toast of The Town* can be seen *free* every Sunday, 8:00-9:00 P M, current New York time, coast-to-coast, over the CBS Television Network.

# Free vs. Pay-Television

The Federal Communications Commission has asked for comments by interested parties "to determine whether the Commission should amend its rules and regulations to authorize television stations to transmit programs paid for directly on a subscription basis."

The CBS position and reasons for it were made known at a Conference of CBS Television Affiliates held in New York City, May 19, 1955. The stations, in a secret ballot voted 107 to 2, endorsing the CBS position and urged "CBS to assume leadership for the preservation of the present American system of free home service."

Since this matter is of concern to every family who owns a television set, we have reprinted the statement of Dr. Frank Stanton, President of Columbia Broadcasting System, Inc.

# CBS Statement on Pay-Television

by Dr. Frank Stanton, President,  
Columbia Broadcasting System, Inc.

---

**CBS** OPPOSES PAY-TELEVISION because it would highjack the American public into paying for the privilege of looking at its own television sets. This is a betrayal of the 34 million families who have already spent \$13½ billion for their sets in the expectation that they would be able to use them as much as they wanted without paying for the prerogative of watching.

Under pay-television, stations which are now broadcasting free programs would scramble the pictures and sound so that the set owner could not receive them unless he paid for each program. Such programs could be unscrambled only when a costly gadget, attached to the home receiver, is fed a coin or slug, a key or card for which the viewer pays. Since a station cannot televise two programs at once, any station broadcasting a scrambled pay program would necessarily have to eliminate its free program during that time period. Pay-television

would black out the best of free television. In essence, this is a booby trap, a scheme to render the television owner blind, and then rent him a seeing eye dog at so much per mile—to restore to him, only very partially, what he had previously enjoyed as a natural right.

Pay-television promoters say they would be satisfied if they got \$100 a year from the average family. On this basis, today's television audience would pay some \$3½ billion a year—more than it pays for shoes or doctors or electricity—for viewing far fewer programs than it now watches without charge. This is three times the amount now being paid by the public for all spectator admissions.

Under the present system of American television, no set owner is deprived of a program because he is not as prosperous as his neighbor. But, once the turnstile of pay-television is placed in the living room, the families who rely most on television for their entertainment and information would be hit the hardest because they would be the ones who, for economic reasons, would have



to restrict their viewing most severely. Television would no longer belong to all the people all the time.

ONE OF the arguments made by the promoters of pay-television is that its introduction would hurt nobody. Try it out in the market place, they say. Surely this is in the American tradition. There would, they claim, be free television for those who want what they are now getting and there would be pay-television for those who want the unusual, the sort of entertainment and culture which free television cannot afford currently. But this is a specious claim, unsupported by the economic facts of life. It is the sheerest kind of sophistry and it is intellectual quicksand.

It is probable that pay-television would deliver an occasional heavy-weight championship fight, and possibly such special entertainment as a multi-million dollar "first-run" movie, which the economics of present television cannot reach, at least as of today. On the other hand, the bulk of any programming for which pay-television would bid is bound to be the very kind of en-

tertainment which already has found such high favor in present day free television. The result of this is that the public would be victimized into paying out billions of dollars a year for a programming service which they are now getting free.

If this scheme is authorized and becomes generally established, pay-television would be able to bid away from free television every kind of program which the public now enjoys. For example: For viewing the World Series at home, a tribute of some \$6,000,000 per game would be levied on the public if each family which watched the Series in 1954 were forced to put up the modest sounding sum of 50¢ for each game. Thus the people would pay 15 to 25 times as much as is now being paid by the sponsors who bring them the games free.

If *only* 5 per cent of the families who now watch *Ed Sullivan's Toast of The Town* would pay only 50¢ each to see the show, they would spend \$375,000—two and one-half times as much as the sponsor now pays to bring it to the



public free. The *other* 95 per cent would then have the "free choice" that pay-television promoters want to give them: the free choice of *not* watching *Toast of The Town* or paying to see it. It's the old story of letting the camel get his nose into the tent. Once this happens, the channel on which *Toast of The Town* is broadcast would be scrambled out for everyone who doesn't pay.

What is true of these two examples is true of every one of the public's favorite programs. If pay-television is authorized, nobody could blame the owners of popular attractions for putting them where they could produce the most income. No one can be so naive as to believe that popular programs would be broadcast free if they could be charged for.

**T**HUS television could not long remain half free and half fee. Either television programs belong to the public free or they belong to the highest bidder. During the hours when most people watch television, co-existence would be unlikely; it would be an economic improbability.

IT IS claimed that under pay-television there would be more cultural programs appealing to small minorities. We believe the reverse to be the fact. If, as the pay-television promoters say, installing a minimum service in a single major city will cost tens of millions of dollars, installing it throughout the total area now served by television will cost billions of dollars. People who make such an investment will have to get it back by putting on the type of shows which will attract the largest audiences. If a million families were willing to pay \$1 each to see a movie and 100,000 people would pay \$2 each to see a ballet, there would be no ballet.

It is difficult to believe that the Federal Communications Commission would authorize a scheme which seems to be so clearly contrary to the public interest. However, if pay-television should become established, economic necessity will force CBS to participate. Unlike theater owners, we have no economic axe to grind. We could expect to operate profitably under a system of pay-television. With our programming know-how, facilities and experience, we

regard it as more than probable that we would earn our share of the billions of pay-television dollars. But this is not where CBS believes its best interests lie.

**W**E ARE proud of the progress the broadcasting industry has made in establishing a nationwide free television service. The pay-television promoters have continuously predicted the failure of free television at every point of its development; that it could never support itself without direct tribute from the public. They made these false prophecies twenty-five years ago and, as recently as 1946, the President of Zenith Radio Corporation flatly stated "the advertisers haven't sufficient money to pay for the type of continuous programs that will be necessary to make the public buy television receivers by the millions." Today there are 36 million television sets in daily use. Unlike these false prophets, we set no limits to the increased and continually increasing service to the public of free television.

During the past seven years, and at the cost of a refrigerator, the average family has been able to convert its home

into a center of information and entertainment not even the wealthiest could have enjoyed ten short years ago. The finest talents of Broadway and Hollywood, the significant events of Washington, faces of Presidents and legislators, the art of museums and advances of science have become as familiar to television set owners as their neighbors down the street. And past advances are only a prelude to future accomplishments. We are unwilling to see the present system, under which everybody watches television as much as he wants, destroyed and a great and unifying medium of communication disrupted, with attendant dangers to our entire economy. The cost to the public in dollars and in the loss of free television far outweighs the potential gains of the pay-television scheme.

We believe, therefore, the public's best interests and our best interests as well, lie in the continuing expansion of free television; that television channels now serving all the public should not be used for the introduction of a system whose benefits to each viewer would be limited by his ability to pay.

Because the pay-television scheme would impose an unnecessary burden of billions of dollars on the American public; because it would charge the public for the popular programs it now enjoys free; because it would become a discriminatory service, available in large part to only those who could afford to pay; because it would endanger the scope and quality of nationwide news and public service programming, we shall oppose it before the Federal Communications Commission.





July 21, 1955

Columbia Broadcasting System  
485 Madison Avenue  
New York 22, New York

Gentlemen:

I acknowledge with thanks the receipt of a single copy of your booklet, Free vs. Pay-Television. If you care to send without charge fifty additional copies, I can see that they are distributed to our public.

Very truly yours,

Librarian

LFR:vm1

# Columbia Broadcasting System

485 Madison Avenue, New York 22, N. Y.