

# ***Barrons' Mailbag***

by [Thomas W. Hazlett](#)

MARCH 26, 2001 - The following is a letter to the editor of [Barron's Online](#) from Lowell W. Paxson, Chairman of Paxson Communications. It is followed by a reply from Thomas Hazlett.

## **Mule Kicks Back**

*To the Editor:*

The mule in Thomas W. Hazlett's editorial ("Hostage Standoff," March 19) is stubborn enough to respond. The UHF spectrum I've labored in [and which Hazlett contends should be turned over to "more valuable" wireless services] was an opportunity created by Congress and the FCC.

My company, Paxson Communications (Amex: PAX) is licensed to operate 65 TV stations in the UHF TV band, 17 of which operate between channels 60-69 in the 700 MHz spectrum the government wishes to auction to the wireless industry.

Unless the free-enterprise system doesn't apply to UHF broadcasters, we are well within our rights not to "budge" until the digital TV transition penetrates 85% of American homes; otherwise, we will lose all over-the-air TV reception for 17 of our stations.

The 85% target is not going to be reached for years, and the fault is not ours. If the Congress and the FCC want us to vacate the spectrum early, only proper compensation paid to us is going to get us to move. The prospect is truly an American right. In January, the FCC ruled it was legal to compensate us.

So, Mr. Hazlett, when the check arrives, we will vacate. We are not holding the spectrum as a hostage seeking ransom. We are entrepreneurs hoping to reward our shareholders who invested in our business of amassing spectrum. Oh, by the way, we created America's only family-friendly TV network, PAX. We are very proud of our employees and their accomplishments.

Lowell W. Paxson  
Chairman  
Paxson Communications  
West Palm Beach, Florida

## **Thomas W. Hazlett replies:**

Lowell W. Paxson boasts that he should be rewarded for "amassing spectrum" as an alert speculator in commodities. The premise is false; he has done nothing of the sort.

Since December 1926, the federal government has mandated that all broadcasters forego any claim to ownership of radio waves as a condition of their license. This is not a policy economists favor. If TV stations on Channels 60-69 actually did own the 700 MHz band, they would long ago have shifted those airwaves to providing services customers actually want.

This is a policy that broadcasters lobbied for at the dawn of regulation and continue to favor today. Broadcasters vehemently eschew private-property rights because that would liberate new competition in unused radio space.

On March 31, 1997, Mr. Paxson called himself "the happiest man in America." That day, the U.S. Supreme Court, in a curious and surprising 5-4 decision, upheld the constitutionality of "must-carry" rules. The law was a huge windfall for home-shopping stations, including those he owned (which then specialized in infomercials).

Mr. Paxson and other broadcasters now demand mandated carriage for digital TV stations on cable systems, using threats to remain planted at 700 MHz as bargaining chips. By appropriating spectrum created with billions of dollars of cable-industry risk capital, Mr. Paxson graphically illustrates the precise nature of his commitment to free enterprise.

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