

# The Vision Thing

by [Thomas W. Hazlett](#)

FEBRUARY 21, 2000 - "Don't hold off on buying a TV just because HDTV is coming. True HDTV widescreen programming will be scarcer than quality network fare for years."

--Productopia, Netscape's consumer product review (Sept. 1999)

Consumers have been doing their homework. Only 21,000 digital TV sets were sold in October 1999. At that pace it will take 873 years to replace the 220 million analog sets in U.S. homes. That makes the monumental transition now underway in the U.S. from analog to digital TV rather problematic.

The Federal Communications Commission has invested 13 years and a continental-size tract of airwaves to upgrade broadcast TV signals to high definition (HDTV). Ironically, the announced purpose of the policy--TV pictures with twice the current resolution and an improved, movielike rectangular aspect ratio--has been largely abandoned. U.S. TV stations started digital broadcasts in November 1998, but they look pretty much like plain old analog channels.

Viewers are not impressed. A recent forecast by London-based Strategy Analytics estimates that only 9% of U.S. households will be HDTV-compatible by 2006. This is the cutoff date when analog stations are supposed to go dark, provided 85% of local viewers have digital TV reception. By current projections the "transition" will go on indefinitely.

There's a rich history to this. In light of the stunning success of cellular telephones in the mid-1980s, wireless service entrepreneurs queried the FCC about access to unused spectrum allocated to TV. The TV band actually had room for some 67 channels, a huge overcapacity considering that only 10 or 15 are used even in so-called crowded TV markets.

Lo and behold, HDTV was discovered by a sharp lobbyist for the National Association of Broadcasters. At the time it was merely a Japanese research project not nearly ready for prime time, but it was cast as the technological wave of the future, a Great Wide Hope to save the then-sagging U.S. consumer electronics sector. Most important, high definition was a spectrum pig. So long as it was America's Future, the unused MHz had to be guarded as national treasure.

The FCC bought it, and told the wireless telecommunications providers to get lost. Over the next decade technical standards were crafted, and 1,600 free broadcast licenses for "advanced television" were ready to be awarded by April 1997. Yet apart from regulatory gaming, broadcasters never had any interest in high definition, a costly medium with unproven consumer demand. Using the same 6MHz per license to broadcast multiple standard-definition TV channels via digital compression techniques, plus a few wireless data services, would likely bring more eyeballs--and way better cash flow.

In comical industry interchanges, broadcasting execs proceeded to blast HDTV--no business model!--while their colleagues admonished them not to blow the cover story. Richard Wiley, telecommunications lobbyist extraordinaire and chief of the FCC's advisory committee on HDTV, advised solemnly: "I believe that it is not wise for broadcasters who seek a second channel to discard the concept of HDTV altogether, as you seem to counsel." Translation: Renege after you've gotten the licenses.

Now, appropriately, they have. But for a couple of gimmicks (Monday Night Football went HD this season) there's virtually no commercial fare broadcast in high-definition format.

For some, HDTV has been a great public experiment. Then-Senator Al Gore chided the Bush Administration for stinting on public development subsidies. "HDTV has become a political dividing line," he observed, "where opposing conceptions of government meet." Eventually both the Bush and Clinton FCC invested billions of dollars in radio spectrum in Mr. Gore's great industrial vision. Today the payoff from that risky outlay could not be any clearer if it were broadcast via digital HDTV. Which, of course, it won't be.

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