

Timorous plan for British cable TV

The British Government has at last decided how cable television should be regulated. Its proposals will ensure that cable will not be profitable. It should think again.

IN the course of the past twelve months or so, the British Government seems effectively to have been detached from its infatuation with the notion that the encouragement of cable television broadcasting would somehow stimulate a new industrial revolution. That is something to be grateful for, because the expectation was always more hope than reality. But the result of a year's heart-searching by the government, its advisers and its critics, is a white paper (intended as a prelude to legislation) that falls short in many important ways of the objectives the same government was loudly proclaiming at the end of 1982. And it may yet turn out that cable television in Britain, for most of the past twenty years shackled by tight restrictions only recently relaxed in thirteen experimentation regions, may in future be so shackled by restriction that it will be unprofitable, so that the "market-led" revolution that the government is still wanly hoping for will never materialize.

Technically, and with one important exception, the plan now published is sensible enough. Holding to its ambition that cable television networks should eventually become capable of two-way broad communications systems, the government has resolved to encourage the installation of cable networks with a relatively intelligent built-in topology, one in which the signals distributed to subscribers are selected (by the subscribers) from the larger menu available at crucial switching points. Such a system is obviously better suited to two-way communications systems, in which intermediate switching points in a network would be also used as ways of directing signals to their intended destinations. Whether the incentive offered to would-be cable providers — a twenty- rather than a twelve-year franchise — will be sufficient remains to be seen.

The white paper is on less certain ground in its suggestion that the maximum size of any cable television system should cover only 500,000 subscribers, that systems should ordinarily cover only 100,000, and that cable systems as thus defined should not be directly linked together but only through services provided by one of the two publicly licensed telecommunications undertakings, British Telecom and its upstart competitor called Mercury. The government is obviously worried by the prospect that some ruthless entrepreneur might choose to cover the whole of Britain with an integrated cable network — financially an entirely unrealistic danger. At this stage, and especially because Britain will not be threaded by a cable network overnight, would it not be better to wait and see what the marketplace considers sensible?

The more contentious issues raised in the past year have been neither technical nor economic but qualitative and ideological. The over-the-air broadcasting systems now operating in Britain, each of which exists because of specific legislation, are much admired and are tightly controlled. The British Broadcasting Corporation (BBC) is enjoined by its charter to be politically (and in other ways) balanced and not to offend public taste, while the goal of providing a public service is implicit in much of what it broadcasts. Commercial television (and radio) companies, on the other hand, are controlled by a statutory franchise-awarding authority whose general influence is in the same direction, but which also regulates the proportion of broadcasting time given over to advertisements. Inevitably (and understandably), both these establishments have been up in arms during the past year's debate, arguing that broadcasting standards will be undermined if

unrestricted cable is allowed. The government now sensibly rejects their arguments that pay-TV should not be allowed on the new cable systems, but proposes to set up yet another authority to license providers and operators of cable systems (not necessarily identical), and also to regulate what will be broadcast, the time given to advertisements and the proportions of foreign material that may be broadcast on cable systems — From the frying pan into the fire?

The most obvious danger in what is now proposed is that the new authority, composed though it will no doubt be of well-known men and women, will prove to be incompetent in deciding what makes commercial sense and nonsense. The present commercial regulatory authority, the Independent Broadcasting Authority, has even after two decades of experience of franchising proved recently to be curiously accident-prone in its decisions. The more subtle danger is that the new authority proposed for the cable systems will ape the paternalism of its predecessors, insisting on the application of what it considers the highest standards — but then bending the rules if its licensees run into money problems. The result will be a recipe for making sure that cable television is never more than marginally profitable and thus not the engine of a market-led development that the government has been looking for.

But what other policy could do the trick? There are several alternatives that the government has not seriously considered, including the administratively simple course of sweeping away all regulatory authorities. But an eminently practical device for saving British pride in public service broadcasting while letting cable go free would be to index-link the BBC's licence fee and to give the commercial regulatory authority responsibility for cable systems as well as old-fashioned broadcasting, doing away with the proposed restriction on the ownership of cable systems by existing commercial broadcasters. Then, at least, jealousy about shares of the advertising market would disappear, while broadcasters might find it best to use the technically most economical means of distributing their signals. □

The Development of Cable Systems and Services (Cmnd 8866, HMSO, £6.00).

Sterling and research

The decline of sterling threatens university research — and makes a mockery of planning.

THE crisis in the affairs of the largest of the British research councils, the Science and Engineering Research Council, is painful but not unprecedented (see page 4). Since the 1960s, the council has been engaged on an apparently endless guessing game about the external purchasing power of sterling, seeking to square its fixed obligations to pay in other people's currencies its subscriptions to international projects, with its obligation to the British Treasury to live within its annual budget, defined in pounds sterling. When sterling has been falling on the money markets, the council has usually had to skimp on its spending on research at British universities. On some occasions, the council has appealed to the