COMMUNITY INSTITUTIONS

When Corporate Media Giants Call the Shots: How New Rules from the FCC Will Squeeze Out Community

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On June 2, the Federal Communications Commission (FCC) voted to change rules on ownership of television stations and newspapers, significantly relaxing the few vestiges of media regulation that remain. FCC Chairman Michael Powell pushed through changes that lifted restrictions prohibiting one company from owning both a newspaper and TV station in the same market; the changes also relaxed TV-station ownership limits in smaller markets. Most importantly, the FCC relaxed the previous 35 percent ownership cap, which prevented one corporation from owning TV stations that, taken together, reached 35 percent or more of the national TV audience. The changes raised the cap to 45 percent.

Critics from across the political spectrum contend that the rule changes will lead to a wave of media consolidation much like the massive buyouts that occurred after radio deregulation in 1996. They predict that the four major networks (ABC, CBS, Fox, and NBC) and a handful of other media giants will try to increase their reach dramatically by buying out as many independent local affiliates and other small stations as the new rules will allow. To save money while expanding their market share, they will replace expensive-to-produce local programming with cheaper national programming, downsize reporting staffs, and, since cross-ownership of TV stations and newspapers is permitted, consolidate news and television reporting into single newsrooms. As CNN founder Ted Turner argued in the *Washington Post*, "Large media corporations . . . sometimes confuse short-term profits and long-term value. They kill local programming because it's expensive, and they push national programming because it's cheap—even if it runs counter to local interests and community values."

Chairman Powell assembled a 3-2 partisan majority and pushed through the changes, much to the chagrin of Democratic commissioners Michael Copps and Jonathan Adelstein. The FCC held only one official hearing on the rule changes, in Richmond, Virginia. Prior to the vote, the Democratic commissioners organized additional unofficial hearings throughout the country in an attempt to foster public debate. But Powell and the other Republican commissioners did not attend. In the end, despite their efforts to receive more public input, Copps and Adelstein failed to delay the vote.

The Role of the Media

Powell and his allies contend that the old ownership rules are no longer necessary. In their eyes, with the proliferation of cable and satellite TV, as well as the Internet, viewers have a broader array of programming to choose from than ever before. Congressman David Price (D-N.C.) vehemently disagrees. "It's very important to counter the notion that because you have 200 flavors on cable TV that somehow you've dealt with diversity or with localism," he said. "Two hundred flavors on cable TV does not amount to effective community voices. It's a major confusion to say all this is irrelevant because we've had all these satellite and all these cable channels. That's not what we're talking about. We're talking about localism and we're talking about media as a component of community life. If the media doesn't somehow strengthen that and facilitate participation in that then I think that we've lost a great deal." Jim Goodmon, the owner of Capitol Broadcasting Company (CBC) in Raleigh, North Carolina, agrees: "You can have 500 cable channels and they'll never mention your city. You cannot say cable and satellite are a substitute for local broadcasting." And even taking Powell's claim at face value, there is a disturbing level of concentration in cable and Internet. Ninety percent of the top 50 Nielsen-rated cable TV stations are owned by the four major networks and the top cable network owners. And media giants AOL/Time Warner and Gannett own four of the top eight Internet news sites.

At a hearing on the rule changes that he held at Duke University in March before the vote, Price told the audience: "The key value at stake, I believe, is *community*, a value partly but not entirely addressed when we speak of 'localism' as a public interest goal. . . . The term 'media' suggests a linkage beyond the locality to the worlds of politics, economics, entertainment, and culture, but it also suggests communication within and across a locality or region whereby isolated 'consumers' of media have their identities as members of the community strengthened, their knowledge increased, and their participation enhanced." Price worries that the decline in the numbers of locally owned TV and radio stations will irrevocably damage the vibrant community life that has been recognized as a unique part of American culture since the days of Tocqueville. "If the day comes—and I'm afraid it's fast approaching—when local media are merely a conduit for nationally generated information and entertainment, we will have lost a critically important component of community life."

Local Concerns, Local Control

CBC's Goodmon, a veteran local broadcaster, owns both a CBS and a Fox affiliate. He was adamantly opposed to the FCC rule changes, a position which earned him the label of "old-fashioned." But he insists that allowing CBS/Viacom, ABC/Disney, NBC, and Fox to buy out local affiliates like his own would disenfranchise members of local communities when it comes to influencing what they see on TV. "Only the local broadcasters are required to serve the local community," says Goodmon. Faced with the prospect of airing Fox's *Who Wants to Marry a Multi-Millionaire*, Goodmon's staff discussed the show and decided to cut it. "We sat around and talked about it and said we're not going to do that, we think it demeans women and the institution of marriage." Goodmon's Capitol Broadcasting Company also rejected the Fox show *Temptation Island*, on which attractive singles tried to lure the members of unmarried couples away from one another, after learning that one couple had a child.

Local church groups were thrilled; others protested that CBC was engaging in censorship. But the right of affiliates to reject network programming is enshrined in the 1934 Communications Act, and it is a right Goodmon and other local broadcasters take seriously. "I am not saying here that we made the right decision . . . just that we made a decision," says Goodmon. With a national network in charge, all programming decisions would be made on a national level and local citizens, whether angry or happy, would have no local broadcaster to hold accountable. Furthermore, Goodmon fears that popular community-based programming will vanish if affiliates are bought out by networks. He alludes to a game show called *Brain Game* featuring local high school students. He asked the audience at Duke, "With more centralized operations, will truly local children's programming disappear in favor of children's programming produced for national groups of stations?"

Goodmon argues that a 45 percent cap—the rule that prevents a single corporation from owning stations that, in sum, would reach more than 45 percent of the national TV audience—could function as a 90 percent cap in some cases due to an arcane rule known as the "UHF discount." Before the advent of cable, television sets came with UHF and VHF dials. To receive UHF stations, viewers needed "rabbit-ears" or other special equipment. Taking into account that UHF signals were weaker, the FCC granted a 50 percent UHF discount, meaning that each UHF station was only counted against the cap as half a station. But today 85 percent of TV viewers have cable and the difficulties UHF station owners once faced are no longer relevant. Yet companies owning UHF stations still receive the 50 percent discount and hence can own twice as many stations. Indeed, UHF stations have been bought up at lightning speed for precisely this reason. Theoretically, if a company owned only UHF stations, under the old rules they could have reached 70 percent of the national audience; under the new rules, they could reach 90 percent. In reality, most companies own a combination of UHF and VHF stations, but the UHF discount does give media giants the ability to buy out even more independent local affiliates.

A study by the Project for Excellence in Journalism (PEJ) suggests that news coverage of local issues is worse on stations owned by large national corporations. The PEJ researchers examined 172 stations and 23,000 news stories over a five-year period. The study compared the quality of news produced by independent network affiliates and by those stations owned and operated by out-of-town media giants. Defining quality largely in terms of local news relevance and community interest programming, PEJ gave 31 percent of stations owned by smaller companies an "A" grade for news, whereas only 11 percent of stations owned by the 10 largest media owners (among them the four major networks) received an "A". PEJ did find that news quality improved as a result of the cross-ownership of TV stations and newspapers in the limited number of cities where this already exists. The pooling of news resources and the downsizing of staff saved money and led to higher quality coverage, according to the PEJ analysis, but it raises troubling issues about growing conformity in local news coverage.

The current debate calls into question long-standing beliefs about the potentially dangerous impact of excessive media concentration on the free democratic exchange of ideas. To dissident FCC commissioner Michael Copps, the impact of these rule changes will be far-reaching for political debate in communities large and small. "We are talking about fundamental values and democratic virtues . . . maintaining the multiplicity of voices and choices that undergird our precious marketplace of ideas and that sustain American democracy," Copps told an audience at the University of Southern California. The rule changes directly conflict with the 1934 Communications Act, which Congress passed in order to protect localism, competition, and the diversity of voices on the public airwaves. While other industrialized countries developed highly centralized national broadcasting systems, the United States remained committed to decentralization, investing local commercial stations with the responsibility of providing "public interest" programming to local communities. The FCC has done away with many of the safeguards that made such localism possible. And the experience of radio deregulation in 1996 provides a cautionary tale of media consolidation's impact on local communities.

Reason to Worry

In the first year following the passage of the 1996 Telecommunications Act, nearly 20 percent of the nation's radio stations were bought out, many of them by radio giant Clear Channel Communications. Since passage of the act, the number of radio station owners has declined by 34 percent and 60 percent of stations have changed hands. Many local stations have shut down, and Clear Channel now owns more than 1,240 of the nation's approximately 11,000 commercial stations. Prepackaged playlists and syndicated programming are piped in by satellite, and the influence of local communities on the news, talk, and music they hear has all but disappeared in markets where concentration has led to a near absolute Clear Channel monopoly. Pay-for-play formats and out-of-town management lead to uniform playlists across the country, devoid of local flavor. Tift Merritt, an up-and-coming country music vocalist whose record was named the number six best record of 2002 by *Time Magazine*, has never been played on her hometown station despite a large local fan base requesting her songs. Many stations are no longer run by local managers, nor can listeners be sure that local DJs are on the airwaves. The rise of "voicetracking" allows a DJ in Dallas to record news and weather for stations across the country, as well as call-in shows. According to Michael Bracy, director of government relations for the Future of Music Coalition, one DJ often covers 20 to 30 stations across the country. "Call-ins are faked. It's basically fake radio," says Bracy.

Clear Channel saves millions by eliminating local programming and staff and collapsing multiple stations into one office. In addition, the company functions as a centralized clearinghouse for advertisements. "Why have eight station managers if you can have one? Why have local programming when you can have syndicated programming? Why have local news when we can play CNN news instead?" Bracy asks rhetorically. In more and more small towns across the country, local news has all but disappeared on the radio as satellite feeds selected in New York and Los Angeles dominate the local airwaves. "The economic incentive is not to serve the community but to be smart on savings," says Bracy. "When you take the decision out of the home town you basically lose local accountability and contact with that community's discussions of local political issues." And the FCC's new rules may do precisely the same thing for television and print media. The suburban Baltimore-based company News Central has recently begun producing, from its Maryland studio, "local" weather forecasts and "local" news for communities as far away as Flint, Michigan.

Bipartisan Opposition

Democrats are not the only ones who see a tension between Powell's deference to the market and the Communications Act's goals of diversity, localism, and competition. Price's fellow congressman Richard Burr, a North Carolina Republican, echoes many of the same ideas from the opposite end of the ideological spectrum. "I am a conservative. I believe in free markets and limited government. But I also believe in another equally important conservative ideal—the right of local citizens to influence decisions that impact their communities," Burr told the audience at the Duke hearing. "Lifting the 35 percent ownership cap would be a final and fatal blow to 'localism' and local control. . . . Without a healthy number of strong, independently-owned local affiliate stations to give a voice to local viewers, the networks will simply buy more stations, beam more envelope-pushing programs into local homes, and cut off local debate and local control over television broadcast programming."

Even the National Rifle Association (NRA) has joined the fray. NRA Executive Vice President Wayne LaPierre sent an urgent bulletin to members encouraging them to pepper the FCC with postcards opposing the media rule changes. Broadcast ownership rules, wrote LaPierre, "have for decades prevented the giant media conglomerates from gaining monopoly control over what your fellow Americans can read in their newspapers, see on T.V., and hear on the radio. And they have prevented gun-hating media giants . . . from silencing your NRA." But, warns LaPierre, "If these rules are changed, a single media company could lawfully own and control virtually every news outlet in a community or even a whole state or region of America. And you better believe if these Big Media executives get the control they want over America's radio and T.V. airwaves, it will be all but impossible for your NRA to fight our grassroots battles . . . by putting our message on the air. . . ." Alarmism aside, the argument is essentially the same as that of the political left: local citizens will lose influence and stations will become unaccountable to local communities if consolidation continues.

Despite hundreds of thousands of public comments opposing the rule changes, including more than 250,000 postcards received from NRA members, and a chorus of voices in Congress calling for Powell to delay the vote, including Republican Senators Olympia Snowe (Maine) and Trent Lott (Miss.), Powell held the vote and the changes passed. The Senate is already considering legislation that would overturn the rule changes, and according to Michael Bracy of the Future of Music Coalition, there will likely be a flood of litigation challenging them. It remains to be seen whether the consequences of increasing deregulation of TV and newspaper ownership will be as dramatic as in the case of radio. But one thing is certain: the local character of many stations is likely to disappear, and as newspapers and TV outlets fall into the same hands, a greater homogenization of news coverage is likely. "I don't see much evidence that the Republican majority on the FCC takes [localism] very seriously anymore," says Congressman Price. "I think bringing free market ideology into this is corrosive. . . . It's about as pure an example as you're going to find of a free market ideology conflicting with communitarian values."