



Media Minutes EXTRA

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TRANSCRIPT

Broadcasters Face Off on Minority Ownership and Media Consolidation

The Federal Communications Commission opened its 2010 review of media ownership rules this week with a series of three panels -- scholars, public interest groups and broadcasters -- to help the commission take a new approach to researching and shaping media ownership rules. The Nov. 6 edition of *Media Minutes* focuses on the public interest panel and ideas for research and data gathering.

One of the longstanding -- and long-neglected -- issues in the FCC's management of media ownership is lack of minority- and women-owned television and radio stations.

Big media broadcasters spoke of the FCC's goals of competition, localism and diversity, yet held firm in speaking out for increased opportunities to gobble up more media properties. George Mahoney of Media General called for the outright removal of the longstanding ban on one company owning both a newspaper and a broadcast station in the same market.

George Mahoney: *My task is to address the commission's 34-year-old ban on the common ownership of newspapers and television stations in the same market. In sum, the ban is an anachronism. But it's not just an innocent relic of the past. It's an actual, serious detriment to my industry, and it hurts consumers, and it hurts local communities.*

Jessica Gonzalez of the National Hispanic Media Coalition disagreed.

Jessica Gonzalez: *We need media ownership rules. I disagree that they are unconstitutional. This proceeding has always considered, first and foremost, the public interest, and that includes diversity, competition and localism. And so I don't think we're off base here in asking that those considerations remain part of this debate.*

James Winston of the National Association of Black-Owned Broadcasters also countered Mahoney, saying media consolidation was to blame for squeezing out small broadcasters.

James Winston: *We continue to view the consolidation of the industry over the course of the last decade since the enactment of the Telecommunications Act of 1996 as a source of*

many problems that minority broadcasters have faced and why we have seen our numbers diminish over that period of time.

Since 1996, the number of African-American-owned broadcasters has dropped by about 35 percent.

Gonzalez urged the FCC to replace its broken process for reviewing media ownership rules with a fact-driven review that takes minority ownership into consideration.

Jessica Gonzalez: *We see this as a great first step toward a thorough and fact-driven review – one that properly considers how the current structural media ownership regulations, and any proposed changes thereto, might communities of color, both in terms of minority ownership as well as in terms of access to diversity points. This must be addressed in this proceeding, especially now, as only 7 percent of broadcast radio stations are owned by people of color, despite that we make up 33 percent of the population. And as Latinos own just 2.9 percent of radio stations, despite that we comprise 15 percent of the population.*

Winston said the FCC's diversity goal must include the ownership of broadcast stations. But the public notice about the media ownership review didn't mention minority ownership.

James Winston: *The commission has historically regulated broadcasting, seeking to balance three policy goals; localism, diversity and competition. Unfortunately in the past, when the balance has been struck among these conflicting goals, the goal that always receives short shrift is the goal of diversity.*

Media General's Mahoney said he is interested in getting clear rules for competition in the market. He doesn't want the commission to undertake the issue of minority ownership. Instead he wants to rely on tax laws to create change.

George Mahoney: *In the past there have been tax certificates, there have been some industry initiatives to work on ways using the tax laws to promote diverse ownership. And we're absolutely in favor of those kinds of things. It's good for the industry, it's good for minority ownership. It's the kind of thing that the commission can go champion up on the Hill. I don't think that it's the kind of thing that this ownership proceeding can get bogged down on, or should get bogged down on, pending some action up on the Hill.*

Winston agreed that tax credits are needed. But he argued that it is the access to capital from lenders that is the real problem for minority owners and prospective broadcast owners, and that those problems stem from a consolidated market.

James Winston: *In recent years, capital has not been accessible for new entrants, because if you come into an investment house and say, I'm looking to purchase a stand-alone radio station in X market, the first thing they do is look at the competitive market and say, well, you're going up against X company that has eight stations in the market,*

you're going up against Y company that has five stations in the market, you're going up against Z station – a company that has four stations in the market. We don't think you can be financially viable with one stand-alone station. And so what happens is the capital is denied to that new entrant. So the ownership rules are very much involved in the access to capital issue. And they can't really be separated out.