Before the
FEDERAL COMMUNICATIONS COMMISSION
Office of the Secretary
Federal Communications Commission
1919 M Street, NW
Washington, D.C. 20554

In the Matter of
1998 Biennial Regulatory Review
Review of the Commission's Broadcast
Ownership Rules and Other Rules Adopted
Pursuant to Section 202 of the
Telecommunications Act of 1996.

MM Docket No. 98-35
August 21, 1998

COMMENTS ON THE NOTICE OF INQUIRY
IN THE MATTER OF 1998 BIENNIAL REVIEW

Sara Strzok
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Minneapolis, MN 55409

I wish to comment upon MM Docket No. 98-35, particularly in the context of comments made by the organization Americans for Radio Diversity (see enclosure).

In their comments, ARD provided statistical evidence, as well as commentary from industry analysts, supporting their claim that the 1996 Telecommunications Act has had a harmful effect on radio diversity and a questionable impact on objectivity in coverage of issues facing the media.

To their comments, I would like to add my own subjective comments upon the state of radio diversity. My husband and I have recently returned to the United States after 4 years spent abroad. We traveled across the United States before settling in Minneapolis, and were dismayed by the lack of original local radio programming as we traveled across the country. It was difficult, as we traveled, to tell whether we were in Cleveland, Phoenix, or Tallahassee; each market has an "X or Edge modern rock" station, a "country power" station, a "classic rock" station, etc. which had the same playlist of about 20 "hot" songs. Nor were we able to find anything in the way of community based public interest programming unless we were listening to the radio in the very early morning hours. While this was the case to a certain extent before 1996, it was apparent to us as "cultural outsiders" that the monopolization of radio markets by a few large corporations has resulted in a homogenized programming format across the country.

This may be dismaying from a cultural standpoint, but we also noted that the coverage of news has been homogenized throughout individual markets. Since a few companies own most media outlets within a market, what is considered "news" is the same no matter which station one chooses to listen to. Since the basis of a free democracy is an informed public, it is worrisome when the sources of information are consolidated in the hands of a few, particularly when the increasing cost of radio station ownership (caused in part by deregulation) dictates that the "few" be extremely well financed.

I would urge the FCC to reconsider the Provisions of the Telecommunications Act of 1996, as I do not believe that the consolidation of radio station ownership that has resulted serves the public interest.

Sincerely,

Sara Strzok

Enc.
CC: Americans for Radio Diversity

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COMMENTS ON THE NOTICE OF INQUIRY
IN THE MATTER OF 1998 BIENNIAL REVIEW
BY AMERICANS FOR RADIO DIVERSITY

AMERICANS FOR RADIO DIVERSITY
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INTRODUCTION

Americans for Radio Diversity1 (ARD) is a non-profit Minneapolis-based organization, comprised of concerned radio listeners and consumers, dedicated to promoting community oriented radio broadcasting. In support of this cause we are writing to file our comments in regard to the FCC's Biennial Review. Due to the scope of our organization we will be only filing comments on regulations affecting radio markets.

Based on the commission's criteria of diversity and competition, ARD makes the following comments on the applicable line items of the Notice of Inquiry (NOI):

(I) on NOI item 21:

(a) Our comments on NOI line item 22 address the effects on competition in radio, the subject of line 21, in addition to discussing the impact on diversity in radio, the subject of line 22. These two topics are so closely related it was decided to discuss them together.

(II) on NOI item 22:

(a) Looking at the commissions' own data stated in lines 18-20 of the NOI it is easy to see that diversity in radio is not being served. It is readily apparent that when a few large national owners control the majority of the media, diverse and differing views will not be heard. Megamedia corporations often have holdings and interests in many other industries and will have a financial conflict of interest in covering stories that affect those interests. (For example: When an ABC station in Minneapolis lead their newscast with a lengthy story on the stage production of "The Lion King," did that represent an independent news judgement that that was the most important story of the day or was it simply advertising for their parent company?) Surely independent broadcasters would be more likely to provide the public with diverse and unbiased programming on important issues (as in recent debates on such far-reaching economic policies as GATT and NAFTA where the large mega-corporations may hold quite a different view from the average worker).

(b) A prime example of this is the passage of the Telecommunications Act itself. During 1996 the public debate on this issue was close to non-existent and this most likely was due to the fact that the media that was supposed to be covering the issue stood to benefit the most from the passage of the act.2 According to the Tyndall Report, a newsletter that tracks the amount of time nightly network newscasts devote to various issues, neither the passage nor the signing of the most sweeping telecommunications legislation in 60 years made the top 10 stories in their respective weeks.3 Media watchdog George Gerber was quoted as saying that the Telecommunications Act of 1996 "was passed in virtual secrecy, without any discussion of its long-range consequences."4 When the press did cover the Telecom Act, they chose tangential issues. "According to Nexis, major papers mentioned the V-chip [the so-called 'censorship chip'] 1,391 times in the first half of 1996; broadcast license terms -- zero times."5

(c) Cases of corporate-owned mass media not covering issues that reflect poorly on their big advertisers or owners is also well documented.6

(d) In regards to minority ownership the number of minority owners has dropped from an already abysmal 3.1% to 2.8% since the passage of the act.7 Under current ownership rules the price of broadcast properties have been artificially inflated: "The average price paid for a radio station has increased from about 8 times cash flow to 13 times since 1990."8 This is a barrier to entry as only the very wealthy can afford stations.

(e) This makes it increasingly hard for minorities and people in lower economic classes to have a stake in radio broadcasting. This goes past just ownership, as political issues or programming tastes of interest to these groups are also not addressed. This stems from the fact that they are not seen as a profitable demographic to serve.9 When an owner has paid top dollar for their broadcast property they are inclined to program to maximize profit and ignore "public service"10 and demographics deemed to be small or unprofitable. This often impacts minorities and those of lower economic stature the most.

(f) This even impacts small business owners who cannot afford the inflated advertising costs which the current conditions help create: "....its common for two or three companies to own 80% to 90% of the revenue in a market."11 "One of the great advantages of radio advertising historically is that it was low-priced," says John Rash, a media buyer for Campbell-Mithun-Esty. "The price of radio is accelerating about triple the rate of inflation now." Complains JL Media's Jerry Levy, a buyer for Old Navy, Strong Funds and the World Wrestling Federation, "even after a strong year like 1997, you have radio station owners like CBS and Chancellor telling their people they want 12% to 14% revenue increases across the board."12

(g) Recent reports would indicate that news and public affairs coverage is in serious decline. The Benton Foundation and the Media Access Project recently published a report13 of television coverage of local news and affairs and found that only 0.35% of broadcast hours were devoted to such programming. This study would seem to correlate to radio as well when the extent of local service programming consists largely of weather and traffic reports. Further developments in remote-programming14 put the issue of public service and local programming into further question.

(III) on NOI item 23:

(a) In regards to how local radio markets are determined, ARD does suggest that this be redefined. Under the current system there appears to be no accountability for broadcasters to serve the communities in which their license is held.

Part of this problem can be demonstrated by what happened after the passage of Docket 80-90. Docket 80-90 was aimed at providing community broadcast voices. The result was stations on the outskirts of major urban markets that carried programming aimed at these urban markets and not at the communities they were intended to serve. The idea of using the small stations in communities outside of an urban area to serve the urban area has even become a business strategy for companies such as Big City Radio. The strategy is outlined in the following statements found on web pages outlining financial information on Big City Radio: "Big City Radio, Inc. acquires and operates radio broadcast properties in or adjacent to major metropolitan markets,"15 and "Pending FCC approval, Big City Radio will boost its transmission power to increase metropolitan area coverage from about 70% in Chicago and about 75% in New York City and Los Angeles to about 90% in each city."16

(b) Furthermore, in regards to how the number of radio stations in a market is determined, the rules should be amended to count stations in such a way as to represent what stations can actually be heard clearly in a given area. The current system of comparing overlapping contours can result in distant stations perversely being considered part of a metro market simply because they are tangential to the contour of a 100,000-watt station broadcasting from the city. In addition, rules that govern limits on the number of stations owned by one entity in a single market should take into account the power of the stations owned, not simply the number. Current rules consider the owning of five 100,000-watt stations no more a domination of a market than the ownership of five low-power stations that may not even be heard by the majority of listeners in the market.

Respectfully submitted,

Americans for Radio Diversity
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(612) 874-6521

NOTES:

1. Americans for Radio Diversity is a non-profit incorporated organization of radio listeners concerned about industry consolidation and the lack of diverse programming and ownership in the radio market. Its members do not have a monetary or financial interest in the industry.

2. "... the debate surrounding the 1996 Telecommunications Act was a farce. Some of the law was actually written by the lobbyists for the communication firms it affects." Robert W. McChesney, "Corporate Media and the Threat to Democracy" (1997), p. 42.

3. Don Hazen and Julie Winokur, "We The Media" (1997), p. 22.

4. see (via internet) http://www.cep.org/megamergers.html He also said it "legitimizes monopolies" and "unleashes them on the global market."

5. Todd Gitlin, from "We The Media" (1997), p. 23. Copyright 1997 by Don Hazen and Julie Winokur.

6. see Sheldon Rampton and John Stauber, "This Report Brought To You By Monsanto", The Progressive volume 62 number 7 (July 1998), p. 22-25. see also David Corn, "Saturday Night Censored", The Nation, July 13, 1998, p. 6-7. see also: Extra! Ad Survey and Extra! GE Boycott.

7. see NTIA's "Minority Commercial Broadcast Ownership in the United States" report online. see also: Village Voice.

8. Matthew Schifrin, Forbes, June 1, 1998. Also online.

9. Philadelphia Inquirer, " 'DAS's Joyner, Smiley waging war against advertising blacklisting." June 5, 1998. Available online.

10. PR Newswire, "We [Big City Radio] anticipate that our increased Arbitron coverage in Los Angeles will make our station more attractive to advertisers." March 27, 1998.

11. Anthony DeBarros, "Consolidation Changes Face of Radio", USA Today, July 7th, 1998. Also available online.

12. Matthew Schifrin, Forbes, June 1, 1998. Available online.

13. The Benton Foundation and Media Access Project, "What's Local About Local Broadcasting?", April 1998. Available online. What's local about local broadcasting? An analysis of a two-week period in late February and early March finds that the answer is "not much." Broadcasters in five markets chosen to represent conditions in small towns and big cities around the country are providing almost no programming that addresses local issues in the communities they serve. The numbers are staggering: In the five markets combined, 40 commercial broadcasters provided 13,250 total hours of programming -- just 0.35% (46.5 hours) were devoted to local public affairs. In three markets -- Nashville, Tennessee, Spokane, Washington, and Bangor, Maine -- not one commercial station aired any local public affairs programming. 35% of the stations surveyed provide no local news; 25% offer neither local public affairs programming or local news. A total of two hours of local public affairs programming was available between 6:00pm and midnight, when viewership numbers are highest. Just two stations aired any local public affairs during this time period.

14. Reuters / Yahoo! Finance, "[Capstar] highlighted its 'Star System,' which uses one disk jockey to broadcast to as many as 10 radio stations in a region." June 10, 1998. Available online.

15. see http://www.marketguide.com/MGI/DownloadReport.html?stockID=10367&productCatID=15

16. see http://www.pathfinder.com/money/hoovers/corpdirectory/y/yfm.html