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February 15, 1999

FCC Secretary
1919 M Street, NW
Washington, DC 20554

RE: Docket #95-31

We have carefully studied the enclosed article, "Uncle Sam Starts Gambling", by Ronald Kramer which appears in the February 1999 issue of KBPS Station Break, Vol. 12, No. 2. We agree that there must be a better way to allocate broadcast frequencies than by lottery or chance. In the end, lottery and chance are operative only for those with deep pockets.

We concur with Mr. Kramer's observation concerning the relationship between free speech and communication:

> "The framers of the constitution understood the singular importance of free, diverse public discourse in a democracy. In so central an issue it is incredible that any public official would seek to argue that the publics business would be better decided by chance, or who is willing to pay the most for a public resource, than by rational decision-making pursuant to thoughtfully crafted legislative policy."

We urge the FCC to reject the option of allocating the public's airwaves by lottery or chance.

Respectfully,

Margaret & Robert

Margaret & Robert Dresbach

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Copies to: Congresswoman Darlene Hooley, Congress Peter DeFazio, Senator Ron Wyden, Senator Gordon Smith

Dear Friends:
Here is an article from Ronald Kramer, Executive Director of Jefferson Public Radio in Ashland. Ron has done a magnificent job describing the current broadcasting arena. If you would like to make your voice heard, the FCC is accepting comments about this proposed rulemaking. Confine your comments **only** to this Notice of Proposed Rulemaking.
Send them to:
FCC Secretary
1919 M Street, NW
Washington, DC 20554
RE: Docket #95-31

Uncle Sam Starts Gambling

by Ronald Kramer

Anyone trying to understand our federal government's policy objectives in mass communication must be confused. So, it would seem, are the Federal Communication Commission (FCC) and the Congress.

In an original environment in which radio frequencies were so scarce that not all communities could have more than one radio station, the FCC developed policies for comparing multiple competing applications for radio licenses in order to determine which applicant would best serve the public's interests through the use of these radio channels. As technology advanced and created technical capabilities for the operation of vastly increased numbers of radio and television stations, the FCC concluded that "diversity of ownership" helped to achieve public objectives and severely limited the number of stations which any one party could own in order to assure a multiplicity of voices on the airwaves. The FCC also advocated ownership of stations by parties who were actively involved in the management and operation of stations, as opposed to parties who held only an investor-type interest, on the theory that better programming would result from this increased knowledge and involvement. Collectively, these principles and processes became known as the "comparative criteria" under which competing applications for the same frequency were judged.

Eventually, however, the FCC came to the conclusion that these two standards were so easily evaded and manipulated that they had become meaningless. The FCC was concerned that its existing processes for selecting among multiple applicants for a frequency was tantamount to a sham. The final straw was a judicial finding, in a case filed by an applicant who was denied a license under the FCC's comparative criteria, which held that the comparative criteria were unduly vague. The federal court forbid the FCC from continuing to select among multiple applicants in that fashion and the FCC's response to this finding was essentially, "We don't know of any better way of deciding these matters." Since citizens expect government to develop reasoned decision-making methods for difficult issues, it was a disturbing and unfortunate position.

At just about the same time Wall Street decided that the twenty-first century was truly going to be the "information age" and that the communication industries were hot investment properties. Under some of the most heavily and lavishly lobbied legislation in our nation's history, Congress decided that the public interest was not harmed by having individual owners control larger numbers of radio and television stations and that the FCC's inability to develop a system for rationally selecting among competing applications for stations should give way to awarding such license by either lottery or chance. In effect, Congress concluded that a broadcast station owner's ability to pay for the privilege and/or pure chance, were superior methods for determining who should own and control access to our nation's airwaves than any attempt at rationally deciding whose programming intentions or results better served the public good.

Not surprisingly several things happened. First, the nation's investors went down to the closest "quick pic" lottery machine and, figuratively speaking, bought as many tickets as possible (by filing as many applications for new stations as they could). Investors are, after all, in the business of speculating on future returns and the Congress and FCC had suddenly transformed broadcasting into a speculative income industry. This was doubly unfortunate if one believes that the public is inherently wise and discerning (which is, after all, the foundation of all democracies). There are two ways to make money in commercial broadcasting: One can program wisely, attract large audiences and reap associated advertising revenue. Or, one can run a station at the most meager level of program service and then allow the limitation on the number of stations, which forces station pricing upward, to allow sale of the station for much more money than the amount for which the station was purchased or constructed. The former method places a priority on the value of the programming a station provides. The latter treats broadcast stations like real estate without regard for the public consequence of a station's daily programming. The course chosen by the Congress and the FCC devalued programming as a feature of the broadcasting industry and essentially told broadcasters that it was permissible to operate like real estate speculators and even encouraged them to start assembling mega-size shopping malls of radio stations.

Since one of the FCC's objectives in eliminating the old comparative criteria had been the lowering of the Commission's administrative costs for selecting among competing applicants through the old process, the flood of new station applications which resulted from these decisions was not welcome in Washington. Indeed it clogged the Commission's corridors to such an extent that the Commission had to impose various freezes on the processing of such applications (which only served to stimulate the filing of new ones because investors had no idea how successful their initial speculative applications might ultimately prove to be). So they "bought more tickets" by filing more station applications to cover their bets and further clogged and devalued the entire process.

Second, the only secure way of securing a radio frequency was to buy an existing one because the process of filing an application was now governed by chance. The price of existing stations naturally skyrocketed and reached figures entirely unthinkable only a few years earlier. Only the largest investors could afford to pay such prices and they went to the banks to borrow the necessary funds which further fueled price escalation. Last year alone one third of all the radio stations in the nation changed hands. Huge mergers and buying sprees have been rampant. Ten years ago one party could own no more than a dozen radio

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stations. Now, the largest group owner owns about 1,000 station (or 10% of the nation's radio stations). In individual communities, group owners control huge percentages of all the radio frequencies. In Medford, for example, of 21 radio signals, one party owns six, another owns four, and JPR owns four with scattered ownership accounting for the remaining seven. Only JPR is locally owned. In Redding the situation was so egregious that federal officials threatened to intervene on anti-trust grounds but, so far, no such action has occurred.

What useful purpose has been accomplished by these changes? Is programming better or more diverse? Hardly. Is radio more locally sensitive? Few would argue that is the case. If anything, these changes have dramatically injured local programming with many stations entirely abandoning local news. Paying off the huge loans taken out to purchase so many stations at inflated prices has made new owners pinch pennies to squeeze maximum profit from their newly acquired properties.

Against this backdrop, public radio has been a bastion of sanity, local programming sensitivity, and absence of commercial motive. In short, a bastion of public service.

Unfortunately, the FCC has been equally uncertain what to do about the comparative criteria in public radio because the same court that ruled the comparative criteria unconstitutional for commercial stations also forbid the FCC from using its comparative criteria in deciding how to select which parties should receive frequencies when multiple applications were filed for noncommercial (public) frequencies. In October the FCC issued a Notice of Proposed Rulemaking in which it's proposed to, guess what, select the winning applicant for public radio frequencies by either lottery or chance.

Communication is the lifeblood of a democracy. It is no accident that the First Amendment to our constitution deals with protection of free speech. The framers of the constitution understood the singular importance of free, diverse public discourse in a democracy. In so central an issue it is incredible that any public official would seek to argue that the public's business would be better decided by chance, or who is willing to pay the most for a public resource, than by rational decision-making pursuant to thoughtfully crafted legislative policy. Yet that is what occurred. On this basis the nation's voters could turn over the entire federal government machinery to chance and save a bundle - and perhaps they should if the nation's lawmakers cannot understand the need to make rational decisions about important matters.

It is one thing to have imposed this paean to commerce upon commercial broadcasting. It is an unfortunate reality that the FCC decided over twenty years ago that there was no public service "yield" to be gained from commercial broadcasting. But it is an entirely different matter to arrive at such a conclusion about public radio and public television. It would be a national disgrace to embrace such a system. The more suspicious might even wonder if it was part of a larger interest on the part of some in diluting public broadcasting's success with the American people.

If you have thoughts about these matters I would encourage you to write your Congressman and let them know what you think about these matters.

KBPS 89.9 FM • FEBRUARY 1999

Time	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Time
6A	Music	MUSIC HOST: Shaun Yu 6 AM to 12 N Weekdays					Music	6A
7A								8A
8A	Millennium of Music	Music Host: Michael Rothe 12 Noon to 2 pm Weekdays					Metropolitan Opera begins 10:30	9A
9A	St. Paul Sunday							12N
10A	Vienna Philharmonic	MUSIC HOST: John Pitman 2PM to 8PM Weekdays						1P
12N	Festival Hill							
1P	Chicago Symphony	Saturday Music Host: Terry Ross (8A - 4P)						
3P	Age of the Organ	Sunday Music Host: Ed Goldberg (8A - 4P)					Music	2P
4P	Music from 4P until 6A on Sundays						Record Shelf	3P
6P			Northwest Previews 6P		Request Night 6P		Music from 6P to 6A on Saturdays	4P to 10P
8P		Pipedreams 8P	St. Paul Chamber Orch.	Detroit Symphony	Pittsburgh Symphony	Played in Oregon		
9:30P		Castle & Cathedral						
10P		Adventures in Good Music with host Karl Haas (weekdays at 10p)						
11P to 6A		11 PM to 6 AM with host Peter Van De Graaff						11P to 6A