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Federal Communications Commission
Office of the Secretary

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UNITED STATES

FEDERAL COMMUNICATIONS COMMISSION

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OCT 25 2006

Federal Communications Commission
Office of the Secretary

PUBLIC HEARING

ON

MEDIA OWNERSHIP

TUESDAY

OCTOBER 3, 2006

ORIGINAL

UNIVERSITY OF SOUTHERN CALIFORNIA
DAVIDSON CONFERENCE CENTER
EMBASSY ROOM
3415 SOUTH FIGUEROA STREET
LOS ANGELES, CALIFORNIA 90089

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P-R-O-C-E-E-D-I-N-G-S

(1:18 p.m.)

1
2
3 CHAIRMAN MARTIN: Good afternoon,
4 everyone, and thank you all for being here, and
5 welcome to the Federal Communications Commission's
6 first public hearing on media ownership. My name is
7 Chairman Martin, Kevin Martin, and I'll be presiding
8 over the hearing today.

9 As announced, this first part of the
10 hearing will be held here at USC, and the second
11 part of the hearing will be at El Segundo. This is
12 a part of the Commission's overall efforts to
13 solicit public input from a variety of communities
14 as possible.

15 I would like to start out with a brief
16 opening statement. I think my colleagues will, as
17 well. And then we'll have some opening statements
18 from some of our guests, as well.

19 As you all know, we recently began a
20 comprehensive review of our rules governing media
21 ownership. Public input is critical to the
22 process. There's enormous value in hearing from
23 members of the public, as well as from the media
24 industry. This is the first of six public hearings
25 the Commission will hold around the country on the

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1 topic of media ownership. The goal of these
2 hearings is to more fully and directly involve the
3 American people in the process.

4 The Commission is looking for input on
5 our rules and how they impact the three core goals
6 that they are intended to further, competition,
7 diversity and localism. The decisions we will make
8 about our ownership rules will be as difficult as
9 they are critical. The media touches on almost
10 every aspect of our lives. We are dependent upon it
11 for our news, our information and our entertain-
12 ment. Indeed, the opportunity to express diverse
13 viewpoints lies at the heart of our democracy.

14 I recognize many of the concerns
15 expressed about increased consolidation and the
16 preservation of diversity in the media. It is also
17 critical that in reviewing we explore and understand
18 the competitive realities of the media marketplace.
19 It is our task to ensure that our ownership rules
20 take into account the competitive environment in
21 which media companies operate, while also ensuring
22 the promotion of localism and diversity.

23 We must also recognize that some of our
24 rules have not been updated for many years. The
25 Third Circuit recently recognized this when it

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1 upheld the Commission's elimination of the newspaper
2 broadcast cross-ownership ban.

3 We need to develop a rule for cross-
4 ownership that reflects current market
5 characteristics, including the struggling nature of
6 today's newspaper industry, and recognizes how
7 ownership goals impact the ability of newspapers and
8 broadcast to serve their local communities.

9 We are just beginning this process. We
10 are working to develop a thorough record with
11 hearings like this one today, and through the
12 written comment process on which to base our
13 decisions. It is important that the record be
14 complete before we make any decisions about whether
15 and how any of our rules should be revised.

16 It is particularly fitting that we start
17 here in Los Angeles. Those operating media outlets
18 and living in this area can provide an extremely
19 helpful perspective on media ownership. L.A. is the
20 second largest media market in the United States,
21 and at the heart of our entertainment industry.
22 Moreover, it has an enormously diverse population.
23 Los Angeles's multi-ethnic population includes
24 people from over 140 different countries speaking
25 nearly 100 different languages. Additionally, the

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1 Los Angeles area has one of the largest, if not the
2 largest, Hispanic and Asian populations in the
3 nation.

4 Again, I want to thank everyone for
5 agreeing to participate today, and especially for
6 our guests, and we'll turn to them in just a moment
7 after the other opening statements from the
8 commissioners.

9 COMMISSIONER COPPS: Mr. Chairman,
10 colleagues, distinguished members of Congress,
11 Reverend Jackson, ladies and gentlemen, thank you
12 all for coming today. I'll keep this short because
13 I came here primarily to listen to you.

14 I just want to emphasize what's at stake
15 here though. Our media is precious. It's how,
16 outside of our strictly personal spheres, we speak
17 to each other, inform each other, learn from each
18 other, entertain each other, how we govern ourselves
19 and yes, come to know ourselves as individuals and
20 members of a larger society.

21 Media is the most powerful enterprise we
22 have in this country. If we are smart about it, our
23 media will reflect the genius and the creativity and
24 the diversity of our great country. We will see to
25 it that the people's airwaves truly reflect and

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1 truly enhance the talents and aspirations of all of
2 us. Today we discuss media, the country's most
3 powerful sector and media's great capital city, Los
4 Angeles. This city is the beating heart of content
5 creation in America. Media is the city's most
6 important and influential product, and this city
7 stands above all others in its influence over media.

8 So if anyone can tell us what's going right and
9 what's going wrong today, it is the creative content
10 producers and diverse citizens that call this place
11 home.

12 Three years ago, Ana Trim (ph) and
13 Michael Powell, over the objections of Commissioner
14 Adelstein and me, the FCC severely cut back, some
15 would say eviscerated, the rules meant to check big
16 media's seemingly endless appetite for more
17 consolidation. The Agency did so under cover of
18 night without seeking the input of the American
19 people. Can you imagine that, authorizing a sea
20 change in how news and entertainment are produced
21 without even involving the citizens who rely on
22 these products every day? It was a near disaster
23 for America. Thankfully, the American public rose
24 up across the land, sending nearly three million
25 e-mails and letters in opposition to the FCC.

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1 Congress rose up, too, and then the Federal Court
2 sent the rules back to us saying they were badly
3 flawed. That was good. It was, in fact, a huge
4 victory, showing that concerned citizens can still
5 make a difference in this country. But now we're
6 back at square one, and it's all up for grabs. And
7 if we're going to do a better job this time around,
8 it's going to be because of input from folks like
9 you. I travel all across the country whenever I can
10 to attend local hearings on the state of the media
11 organized by all kinds of citizens groups. And let
12 me tell you, I learn a whole lot more there than I
13 would sitting behind my desk in Washington. So, I
14 thank Chairman Martin for holding today's event and
15 my colleagues for attending, and I hope they will
16 continue to attend forums like this one in many
17 other communities around the country.

18 This afternoon's panel is going to be
19 speaking about the challenges creative content
20 producers face in today's media environment. What a
21 perfect L.A. topic. I know the creativity is here;
22 my question is whether that creativity can get
23 access to the public airwaves. And I want to
24 emphasize those last two words: public airwaves.
25 They belong to you and me and every person in this

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1 country, and not to any corporation or conglomerate.
2 And we allow broadcasters to use the airwaves for
3 free in return for offering programs that serve the
4 public interests. We want to find out from you
5 whether they are serving your interests, and if not,
6 what the FCC can do to fix it.

7 By the way, serving the public interests
8 means the public interest of everyone in this great
9 land. Some might see our diversity as a problem to
10 be overcome. I say our diversity is an opportunity
11 to be harnessed as our strength as who we are, and
12 as what we can be. This city contains a multitude
13 of races, religions, traditions and stories, and we
14 need all of those perspectives on whether the public
15 airwaves here in L.A. are being used to reflect
16 those traditions and stories, or whether they only
17 distort and caricaturize them.

18 Finally, we are also here to learn about
19 localism. Locally owned newspapers, TV, news and
20 radios used to be the rule and not the exception.
21 Then some companies got the idea of building great
22 empires from sea to sea, and they had the political
23 muscle to get it done. Sometimes these companies
24 put their business plans ahead of the public
25 interest. The latest twist is that a few of them

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1 are starting to doubt whether those business plans
2 made sense in the first place. Yet they continue to
3 beat the drums for more consolidation. It might be
4 amusing if it weren't so sad, because the
5 consequences are no joke. Local newsrooms
6 devastated by job cuts, local citizens despairing
7 about the state of the news, and minorities shut out
8 of America's most powerful industry. To me, these
9 questions about our media are as important as any
10 questions I know. So, thank you for coming here to
11 help us answer them, and I pledge to you every
12 effort I am capable of, to encourage a media
13 environment that works for every person in this hall
14 today. Thank you.

15 CHAIRMAN MARTIN: Thank you.

16 Mr. Adelstein.

17 COMMISSIONER ADELSTEIN: Well, thank you
18 Mr. Chairman, and thank you so much for inviting us
19 here and having this hearing in Los Angeles, the
20 entertainment capital of America and the
21 entertainment capital of the world, the center of
22 creativity for so much that it influences our
23 culture, our politics.

24 We were just in this room, Commissioner
25 Capps and I, a month ago hearing concerns from the

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1 Hispanic community about this community of Los
2 Angeles and how well those concerns are treated. We
3 have been out on the road all across the country,
4 including here, in not just this room, but countless
5 rooms across the country, and everywhere we go we
6 hear the same sorry story, and the story in some
7 ways emanates here from Los Angeles. So, I'm glad
8 we're here to learn what the effect of media
9 consolidation is on what the public and the country
10 at large is seeing and hearing.

11 I would like to thank our special guests
12 for joining us. Congresswoman Watson, you were here
13 with us in video on that big screen last time, a
14 month ago when we were here. Thank you for your
15 leadership on this issue. Congresswoman Waters,
16 you've been a leader on this, and we thank you for
17 all you've done and for being here. Reverend
18 Jackson, I appreciate -- we were with you just last
19 week in Washington where you said that you were
20 going to raise the volume on this issue, and we
21 appreciate your leadership on this and your
22 recognition of how important this is as a true civil
23 rights struggle of the 21st century. We have NAACP
24 Board Member Willis Edwards here, and our
25 distinguished panelists, a fantastic panel, but most

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1 of all, the public who came here. You're the ones
2 we're here to really listen to, as well as all of
3 these great leaders, because our charge in law is so
4 simple. It says pursue the public interest, not the
5 interest of those who seek to profit by using the
6 public airwaves, but the public interest. So your
7 presence here today is testament to the fact that
8 the public airwaves belong to you, and you're whose
9 interest we are here to protect.

10 And of course, we're in L.A. because
11 television and radio broadcasters have such a
12 powerful influence on our culture, our political
13 system, and the ideas that inform our public
14 discourse. The FCC's media ownership hearing isn't
15 about alternative platforms. We hear a lot about
16 the internet. We hear about satellite. But study
17 after study shows that it's the broadcasters that
18 still dominate the news and information that people
19 see, but also the entertainment programming. It's
20 still the broadcast industry that produces and
21 disseminates and ultimately controls the news
22 information and entertainment programs that inform
23 the discourse, the debate, and the free exchange of
24 ideas essential to our participatory democracy. And
25 of course, it is the broadcasting industry that we

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1 are, by law, charged with ensuring that it serves
2 the public interest. Now, make no mistake about it,
3 media ownership is about the power to control the
4 public's airwaves that you, the American people,
5 have licensed to broadcasters through us, the FCC.
6 And we're charged with insuring that broadcasters
7 foster diversity and localism, and we're charged by
8 law with preventing undue concentrations of power.
9 But over the years the FCC's embraced a dangerous
10 policy, most starkly seen in the June 2nd decision
11 of 2003, to relax and sometimes simply ignore the
12 obligations that broadcasters have to the American
13 public. As a result, there has been a wave of
14 consolidation, which has led to unparalleled levels
15 of media concentration, and a corresponding decrease
16 in public access to the airwaves.

17 So, while fewer and fewer companies gain
18 more control over the means of distributing ideas,
19 fewer small businesses, fewer members of the
20 creative community, fewer African-Americans, fewer
21 Latinos, fewer Native Americans, fewer minorities in
22 general, have access to the public airwaves and are
23 deprived of their opportunity to contribute to our
24 national dialogue.

25 Today we're going to talk about some of

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1 the creative output. We have some of the great
2 creators of wonderful content that we all enjoy so
3 much. But imagine never having experienced an
4 episode of "Star Trek," or never having an
5 opportunity to see "All in the Family" or "The Cosby
6 Show" or "Roseanne" or "That 70's Show." Well, the
7 FCC repealed the rules that helped make those shows
8 possible. The financial interests in syndication
9 rules, the prime time access rule, promoted
10 diversity and fair competition in entertainment
11 programming by limiting the market power of major
12 networks and giving independent programming a chance
13 to get good yet compelling shows onto broadcast
14 television.

15 But since the FCC repealed these rules,
16 a number of independent sources that provide that
17 kind of programming to the major broadcast networks
18 has decreased from 23 in the early 90's to only 2
19 today. Big media won that fight, but the public has
20 been the loser of that. The lack of prime time
21 programming from independent sources limits the
22 creative contributions from a host of diverse and
23 talented artists. Today, instead of directors,
24 producers, writers and actors being free to share
25 their creative talents, they're being forced to bend

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1 to the will of bottom-line-driven management at the
2 *media giants. Too often this means homogenized*
3 programming or integrating and promoting products to
4 improve the network's bottom line for Wall Street.

5 As director, producer and actor Gene
6 Reynolds recently said, "We used to worry about the
7 storyline and the content and the characters, but
8 now we're supposed to worry about how you get Coca
9 Cola in there." For me, a concentration exacerbates
10 many barriers that have long plagued independent
11 programmers, women, racial and ethnic minorities
12 from gaining equitable access to the public
13 airwaves. A tragic lack of ownership and access to
14 the airwaves by these groups has gone from bad to
15 worse while the FCC has sat by idly and we've done
16 nothing to help.

17 The results have been devastating to our
18 democracy, which really requires a vibrant exchange
19 of ideas, a constructive dialogue between divergent
20 groups and analysis of political and controversial
21 issues in depth, not info-tainment. When you look
22 at today's media broadcasting landscape, we see that
23 local newscasts that are dominated with
24 sensationalism, crime stories, and little useful
25 information, and even less government and election

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1 information. Marty Kaplan, who is here in the room
2 today, has documented that extensively right here
3 from USC.

4 Both local and national media are
5 cutting news staff, requiring fewer writers,
6 reporters and producers to do more with less, and as
7 a result, news quality has suffered. We heard about
8 that extensively when we were here in L.A. just a
9 month ago. "If it bleeds it leads," approach to new
10 reporting might be good for the ratings, but it's
11 the life blood of our democracy that bleeds when the
12 positive aspects our communities are not covered;
13 when in depth coverage of local, national elections
14 disappear, and when real investigative journalism is
15 replaced with video news releases.

16 One study found that community public
17 affairs programming accounted for less than one half
18 of one percent of TV programming nationwide local
19 programming, compared to 14.4 percent for paid
20 programming like infomercials for ab-crunchers. So,
21 while we might be getting tight abs, we're getting a
22 flabby democracy in the process.

23 Well today, thank you for being here.
24 It's an exercise in tightening our democracy, and I
25 look forward to the testimonies of the witnesses and

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1 public comments we're here to see. So thank you so
2 much for participating in this exercise in democracy
3 today.

4 CHAIRMAN MARTIN: Thank you.

5 Commissioner Tate.

6 COMMISSIONER TATE: Thank you, Mr.
7 Chairman. Thank you to all of you who are here
8 today. I'm sorry, I'm already losing my voice. How
9 appropriate it is that we are here at one of
10 America's great universities, USC, and to have our
11 members of Congress with us today and Reverend
12 Jackson and so many of other esteemed and honorable
13 guests who will be talking to us today. I have a
14 long statement to make, but it's filed on our
15 website, and I guess that I just want to say that
16 it's so appropriate that we're here today because
17 we're talking about the media marketplace that our
18 students and our children will see tomorrow; what it
19 will look like tomorrow. And so, I'll just dispense
20 with my written record and say that I'm here to
21 listen to you. Thank you.

22 CHAIRMAN MARTIN: Thank you.

23 Commissioner McDowell.

24 COMMISSIONER McDOWELL: Thank you, Mr.
25 Chairman. I'm really pleased to be here in the Los

1 Angeles area as we embark upon the Commission's next
2 comprehensive review of the broadcast ownership
3 rules. And like Commissioner Tate, this is my first
4 foray into reviewing these rules. I'm studying the
5 issues with an open mind, and I hope to hear as many
6 viewpoints as I possibly can on the issues.

7 As the Commission's experience with the
8 2002 review revealed, the debate over media
9 ownership is a discussion about the vitality of our
10 democracy, and the appropriate balance among
11 competitive efficiencies, diversity of voices and
12 local focus. The debate elicits the opinions and
13 passions of people from all walks of life, from all
14 over the country. And I'm eager to learn more about
15 the issues from the perspectives of all the
16 interested parties, be they artists, programmers,
17 broadcasters, consumers, academics and many, many
18 more. In particular, I look forward to learning
19 about competition, diversity and localism in the Los
20 Angeles media market from all of you who have first-
21 hand knowledge of the realities of broadcasting in
22 this hub for the creative community. We need the
23 information that only you can provide about how our
24 ownership rules affect you as businesspeople and as
25 viewers and listeners, so that we can determine

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1 whether the times demand that the rules change or
2 not. The more specific information and data that
3 you can provide to the Commission, the better. I'm
4 very eager to hear all points of view. And thank
5 you all for coming today.

6 CHAIRMAN MARTIN: Thank you. Thank you,
7 Commissioner McDowell.

8 We are privileged to have two members of
9 Congress here with us this afternoon and Reverend
10 Jackson, and we are going to take a few moments to
11 hear from them, starting with Congresswoman Waters.

12 CONGRESSWOMAN WATERS: Thank you very
13 much. Is this microphone on? I guess it is. To
14 Chairman Martin and Commissioners, I thank you for
15 holding this hearing in Los Angeles. It is very
16 important that you be here. This is perhaps one of
17 the most important media markets in the world. And
18 we are dealing with a serious issue. Media
19 concentration and consolidation is a very serious
20 issue. Without diversity and ownership and
21 participation, our democracy is in danger. The
22 public must have access to information and all
23 points of view.

24 Members of this Commission, I just left
25 a meeting of the County Board of Supervisors where

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1 we were in a serious discussion about saving Martin
2 Luther King Hospital. My community has been in
3 crisis around this hospital for over two years. It
4 was in crisis because the L.A. Times launched an
5 attack on Martin Luther King Hospital. And the
6 attack was absolutely unbelievable. The amount of
7 time, the team that they deployed in order to do the
8 investigation, the amount of effort that they put
9 into closing Martin Luther King Hospital, was
10 unbelievable.

11 As a matter of fact, many of us have
12 come to believe that they decided that they wanted
13 to get a Pulitzer Prize rather than having decided
14 that they wanted to investigate the hospital to make
15 sure it was providing quality services. Well, they
16 succeeded in part of what they attempted to do.
17 They helped to close our trauma center, and they did
18 get a Pulitzer Prize. Many of us believe that if
19 the hospital is closed altogether, they will get a
20 second Pulitzer Prize.

21 The Los Angeles Times newspaper is owned
22 by the Tribune Company and the Tribune Company, also
23 owns KTLA. This combination violates the FCC
24 newspaper broadcast ownership rule.

25 The Los Angeles Times alone generated

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1 nearly as much revenue in 2004, \$1.1 billion more in
2 one quarter as all 26 stations and its entertainment
3 division combined. The Tribune owns KTLA, a major
4 local television station, again and the Los Angeles
5 Times newspaper. The combination not only is in
6 violation, but under the rule, the Tribune should
7 have sold off either the TV station or the newspaper
8 prior to this year's renewal of its TV broadcast
9 license. In response, Tribune requested a permanent
10 waiver of the FCC rule or a temporary waiver until
11 the FCC completes ownership proceedings and adopts a
12 new rule.

13 Now the public opposition to the waiver
14 request is due by November 1, and I, of course,
15 intend to submit a lot of opposition to a waiver to
16 this ownership. Not only am I opposed, my community
17 is opposed to this kind of concentration and
18 consolidation, the Tribune Company control of media
19 markets \$5.7 billion in 2004 sales. Let's take a
20 quick look. In television, Tribune Company owns 27
21 full powered TV stations in 22 cities, has equity
22 interest in TV Food Network, has equity interest in
23 Comcast Sports Network. Cable channels: they have
24 CLTB, a 24-hour Chicago cable news channel, WGN
25 Cable, the WGN Super Station. Newspapers: the Los

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1 Angeles area and Tribunes control over newspaper
2 circulation. I took a look at the newspapers in our
3 community, a few little newspapers, the Los Angeles
4 Centennial, the Daily Breeze, the Wabe Group, Los
5 Angeles Weekly, the Watch Times Hour Weekly. The
6 L.A. Times Sunday circulation alone, 1.4 million,
7 exceeds more than 14 other local newspapers put
8 together. In addition to those newspapers, they own
9 25 other newspapers, including the Chicago Tribune
10 and others that I won't mention. The Tribune owns
11 10 magazines, which I won't go down the list.

12 In addition to the L.A. Times,
13 communications, et cetera, et cetera, they own 12
14 other publishing houses. They own a production
15 company, they have the Tribune Studios, they have
16 sports and other ownership interests, part owner of
17 the Chicago Cubs baseball team, they have one-third
18 equity owner of the Career Builder LLC along with
19 Tribune and Gannett, 20.2 percent owner of
20 Classified Ventures, owned by a consortium of six
21 newspaper publishing companies, subsidiaries and
22 partnerships, Tribune Media Services, TMS
23 Entertainment Products, TMS Syndicated Products, Zap
24 Two One Brass Ring Radio. It owns WGN AM Radio in
25 Chicago, on and on and on. If that's not

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1 concentration, I don't know what is.

2 Let me just wrap this up by saying, when
3 the Los Angeles Times decided to win a Pulitzer
4 Prize on the backs of the people of South Central
5 Los Angeles, with the scathing attack on the
6 hospital, with undercover agents in the hospital
7 trailing and placing doctors under surveillance, we
8 didn't have another point of view. We didn't have
9 anybody with the resources to counter what they were
10 doing. We didn't have any newspapers that could put
11 out a team of investigators. We didn't have the
12 radio stations with the background information and
13 the amount of dollars necessary to deal with this.
14 We're in a crisis now, and we're trying to save the
15 hospital. But one thing I want to make sure, and
16 that is, that you don't make the mistake of giving
17 the L.A. Times a waiver. They don't deserve it.

18 CHAIRMAN MARTIN: Thank you
19 Congresswoman.

20 Congresswoman Watson.

21 CHAIRMAN WATSON: Thank you, Chairman
22 Martin, and thank you, Commissioners, and welcome to
23 Los Angeles. And I want to thank my colleague,
24 Congresswoman Maxine Waters, for her research and
25 her skill in bringing it public. Thank God for

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1 airwaves that are open to all of us. Thank you,
2 Maxine.

3 Los Angeles is the home of the world's
4 premiere creative community, Hollywood. And I'm
5 proud to see that so many people sitting behind me
6 representing the community are here today to share
7 their thoughts on media ownership. I want to take
8 time to thank the NAACP, other civil rights groups
9 who represent part of the leadership and the
10 listenership in Los Angeles. Thank you, Willis, for
11 getting on the phone.

12 But Los Angeles is also more than just
13 Hollywood. Los Angeles is home not just to media
14 creators, but also millions and millions of media
15 consumers. And I am also proud that so many of my
16 friends and neighbors are here to share how our
17 media ownership rules impact every American, both
18 inside and outside the media industries. Media
19 consolidation affects all of us, from what we read,
20 from what we hear, from what we see and how we
21 think. The media are vital to our democracy.
22 Democracy is a form of government of the people, by
23 the people, and for the people. We want to create a
24 true free market in media, where everyone can have a
25 seat at the table, instead of a skewed market with

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1 only a few big actors where the fat cats just get
2 fatter.

3 We know what will happen if media cross-
4 ownership rules are relaxed. One company would
5 potentially be able to own the dominant daily
6 newspaper, eight radio stations and three television
7 stations in the same city. I am concerned that if
8 these changes are approved, they will further stifle
9 responsible journalism. They will decrease local
10 coverage, including public safety, elections and
11 announcements. And despite the fact that we have an
12 enormous and incredibly talented creative pool of
13 artists, the caliber of programming will decrease as
14 owners clamor for the highest ratings over the
15 highest qualities.

16 But for Los Angeles, media doesn't just
17 mean entertainment, it means jobs, and fewer media
18 outlets mean fewer jobs. It means fewer writers,
19 directors and actors. It means that they can get
20 few of their ideas into the marketplace. And it
21 means fewer technicians, caterers, custodians and
22 drivers get hired for fewer movie and television
23 shoots. This does not have to happen. We do not
24 need to let our media marketplace be taken over by a
25 few huge actors. We need to ensure that the power

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