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Ownershipalooza 2006

It's the same old song, but a different feeling after three-year hiatus

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The Carousel is spinning again. The FCC, for the however many-eth time, is considering revision of its media ownership rules. If it seems like the FCC has become the poster child for the old French *bon mot* – *plus ça change, plus c'est la même chose* – it's not for want of trying.

You'll no doubt remember how in 2003, an activist group got a Philadelphia-based federal appeals court that doesn't usually hear FCC cases to torpedo much of the Commission's last multi-year attempt to modernize rules governing who can own how many stations in what places. Known as the Prometheus Case (for the activist coalition that named itself after the mythic rebel god whom the ancient Greeks believed provided mortals with the secret of fire-making), it torched what was expected to be a big season of broadcast deal-making.

On a pure party-line vote earlier in 2003, the three Republican FCC Commissioners (led by then-Chairman Michael Powell) loosened ownership restrictions with the Democrats dissenting – only to have the judiciary step in and keep many of the rules from taking effect.

The makeup of the FCC today portends a similar FCC voting bloc. The GOP now has a 3-2 majority since the last Commissioner's slot has been filled by Robert MacDowell, whose résumé includes a stint as legal counsel to the Bush-Cheney campaign Florida recount team after the 2000 election.

But some things have changed. Notably, the economic climate in the media business. Many of the big old powerhouse players who would have jumped into the expected buying frenzy if the last ownership rule makeover had not been cut-down in court, could well be sitting on the sidelines this time. Where synergy was the buzzword at the start of the millennium, survivalist caution appears to be the watchword these days. How much difference half a decade makes!

More may not necessarily be better in the today's media marketplace. Fox-parent Newscorp is expected to cull its herd of stations, following the lead of competitor, CBS. Tribune Company – whose newspaper and broadcasting portfolios were once seen as a model of “synergy” at work, has proven that it ain't necessarily so. Many analysts point out that the combination of New York's Newsday newspaper and the Big Apple's WB affiliate, Channel 11, has not done all that much for the Tribune's bottom line.

On the other hand, same-medium duopolies do seem to cut costs and bring about coordinated sales synergies. In many instances, a stable of same-market stations has been a good economic bet. But it is no longer axiomatic that consolidation leads to better bottom line performance. The business culture in the media world appears to be changing from quantity to quality of assets.

Of course, these currents may not alter the debate ahead very much. Most media businesses moguls, like executive classes everywhere, would rather let market forces have their way rather than have government limit options. Anti-consolidation activists continue to be guided by notions born in the pre-Internet era that avenues of communication are scarce and that government intervention is the best way to ensure greater diversity of ideas and expression.

Just how scarce, of course, is the core of the argument today – even more than it was in 2003. Newspaper circulation is way down. Web pages views are way up. Personal digital music on iPods and MP3 players are making it harder for radio stations to draw audiences. On-demand personal video is getting hot. And the blogosphere is starting to challenge talk radio as the crucible of political passion.

Broadcasters will get a chance to make their views known in the weeks ahead. The FCC is leaving more time than usual for comments and replies. The Commission plans an extra-long period of public comment. The record, once opened (and there is no set date yet) will remain open for public input for about four months or more. Broadly speaking, the FCC seeks comments on the following:

- Local Television Ownership Limit
- Local Radio Ownership Limit
- Newspaper Broadcast Cross-ownership Ban
- Radio Television Cross-ownership Limit
- Dual Network Ban
- UHF discount on the National Television Ownership Limit

Analytic eggheads will also get a chance to weigh in for a number of studies. The FCC

has set aside \$200,000 for research to determine such things as:

How people get news and information

Competition within types of media and across media platforms

Marketplace changes since the Commission last reviewed its ownership rules

Localism

Minority participation in today's media environment

Independent and diverse programming in today's media environment

The impact of ownership on the production of children's and family-friendly programming

And don't miss the road show! The FCC plans six – count 'em, six – public hearings in different venues around the country. Watch these pages for updates. Or go to the FCC's official website www.fcc.gov. The Commission promises to provide a dedicated ownership hyperlink to hook you up with all things ownership. Stay tuned.