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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548



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FOR RELEASE ON DELIVERY  
EXPECTED AT 10:00 A.M. EST  
MONDAY, JANUARY 21, 1980

*Steve*  
STATEMENT OF  
B. E. BIRKLE, DEPUTY DIRECTOR  
COMMUNITY AND ECONOMIC DEVELOPMENT DIVISION

BEFORE THE  
SUBCOMMITTEE ON GENERAL OVERSIGHT AND MINORITY ENTERPRISE  
COMMITTEE ON SMALL BUSINESS  
HOUSE OF REPRESENTATIVES

H5605317

ON

[ MEDIA OWNERSHIP ]

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

WE WELCOME YOUR INVITATION TO BE HERE TODAY TO DISCUSS  
OUR WORK RELATING TO MEDIA OWNERSHIP. LET ME BEGIN BY HIGH-  
LIGHTING OUR INTEREST, INVOLVEMENT, AND EFFORTS IN REVIEWING  
COMMUNICATION REGULATION.

GAO INTEREST AND INVOLVEMENT  
IN COMMUNICATION REGULATION

ESTABLISHED BY THE BUDGET AND ACCOUNTING ACT OF 1921, GAO  
HAS A BROAD CHARTER TO INVESTIGATE THE RECEIPT, DISBURSEMENT,  
AND APPLICATION OF PUBLIC FUNDS AND TO RECOMMEND WAYS TO MAKE  
GOVERNMENT MORE EFFECTIVE, EFFICIENT, AND ECONOMICAL.

TO HELP FOCUS OUR WORK IN RESPONDING TO SPECIFIC REQUESTS  
OF THE CONGRESS, ITS COMMITTEES AND MEMBERS, AND IN DEVELOPING  
SELF-INITIATED AUDITS OF ONGOING FEDERAL PROGRAMS AND ACTIVITIES,  
GAO HAS SPECIFIED 36 PROGRAMS OR ISSUE AREAS FOR PRIORITY

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ATTENTION. COMMUNICATIONS IS ONE OF THESE PRIORITY AREAS.

IN TAKING THIS ACTION, WE RECOGNIZED THAT THE NATION  
FACES A REVOLUTION IN COMMUNICATIONS TECHNOLOGY. BOUNDARIES  
THAT IN THE PAST HAVE SEPARATED CABLE TELEVISION, BROADCASTING,  
TELEPHONES, AND COMPUTERS ARE NOW BLURRED. FOR EXAMPLE,  
LONGSTANDING TELECOMMUNICATIONS MONOPOLIES ARE BEING  
CHALLENGED BY COMPUTER BUSINESSES, AND THE TV SET IS BECOMING  
A MODULAR DISPLAY DEVICE FOR BOTH ELECTRONIC INFORMATION AND  
ENTERTAINMENT.

THE COMMUNICATIONS ACT OF 1934 IS THE BASIC STATUTE  
GOVERNING REGULATION OF COMMUNICATIONS. EXPLOSIVE GROWTH IN  
COMMUNICATIONS TECHNOLOGY AND REGULATORY RULINGS PERMITTING  
INCREASED COMPETITION HAVE COMBINED WITH THE MERGING OF COM-  
MUNICATIONS AND COMPUTER TECHNOLOGIES TO RAISE THE QUESTION  
OF THE NEED FOR NEW LEGISLATION.

IN THIS REGARD, EFFORTS BY BOTH HOUSES OF CONGRESS TO  
REWRITE THE COMMUNICATIONS ACT HAVE BROUGHT FORTH AN OUT-  
POURING OF INTEREST BY THE FEDERAL COMMUNICATIONS COMMISSION,  
THE NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION,  
THE COMMUNICATIONS INDUSTRY, AND CONCERNED CITIZENS. THESE  
EFFORTS HAVE FORMED THE FOUNDATION FOR ANALYSIS AND DEBATE  
OF SUCH ISSUES AS:

*AGC 00071*  
*DLG 02345*

--DEVELOPING APPROPRIATE REGULATORY POLICY TOWARD  
OWNERSHIP AND OPERATION OF TELEPHONE AND OTHER  
ELECTRONIC COMMUNICATION SYSTEMS. COMPETITION  
PERMITTED BY THE FEDERAL COMMUNICATIONS COMMISSION

AND THE COURTS OVER THE LAST TWO DECADES HAS BECOME INCREASINGLY INTENSE AS LARGE AND WELL-FINANCED FIRMS JOIN AN ALREADY EXPANDING INDUSTRY.

- ALLOWING GREATER SHARED USE OF RADIO SPECTRUM RESOURCES IN THE BROADCAST AND MOBILE SERVICES IN ORDER TO EXPAND THE TOTAL LEVEL OF SERVICE.
- INCREASING DIVERSITY OF OWNERSHIP AND SERVICE BY TELEVISION, RADIO, AND CABLE TELEVISION. POTENTIALLY AT STAKE ARE THE LARGE SOCIAL BENEFITS, THE CONFIGURATION OF A SIGNIFICANT PART OF THE NATIONAL COMMUNICATIONS SYSTEM, AND THE FUTURE USE OF THE BROADCAST SPECTRUM.
- REDUCING BURDENSOME REGULATIONS. THIS ISSUE CUTS ACROSS ALL EFFORTS OF REGULATORY REFORM.

GAO REVIEWS OF COMMUNICATION  
REGULATION

OUR EFFORTS IN REVIEWING AND ADDRESSING THESE ISSUES HAVE PRODUCED CHANGES IN AGENCY POLICIES AND PROCEDURES, ENACTMENT OF NEW LEGISLATION, AND INCREASED UNDERSTANDING OF COMPLEX COMMUNICATIONS REGULATORY PROBLEMS BY THE CONGRESS, THE REGULATOR, INDUSTRY, AND THE PUBLIC. A COMPLETE LIST OF OUR REPORTS SINCE 1976 IS INCLUDED IN APPENDIX I; SOME EXAMPLES INCLUDE:

IN MARCH 1978, WE ISSUED "GREATER COORDINATION AND A MORE EFFECTIVE POLICY NEEDED FOR INTERNATIONAL TELECOMMUNICATIONS FACILITIES" AND IN AUGUST 1978 TESTIFIED BEFORE THE

HOUSE SUBCOMMITTEE ON COMMUNICATIONS. IN NOVEMBER 1978, THE INTERNATIONAL MARITIME SATELLITE TELECOMMUNICATIONS ACT (PUBLIC LAW 95-564) BECAME LAW. THIS ACT INCLUDED THE ESSENTIAL ELEMENTS OF OUR RECOMMENDATIONS TO IMPROVE THE METHOD BY WHICH THE U.S. GOVERNMENT INSTRUCTS THE COMMUNICATIONS SATELLITE CORPORATION.

IN AUGUST 1978, WE ISSUED "THE ROLE OF FIELD OPERATIONS IN THE FEDERAL COMMUNICATIONS COMMISSION'S REGULATORY STRUCTURE." THE COMMISSION HAS ADOPTED THE BASIC RECOMMENDATIONS CONTAINED IN OUR REPORT AND ESTABLISHED A COMMITTEE OF FIELD OPERATIONS LIAISON OFFICERS, WHICH IS TO SERVE AS A MECHANISM FOR FULLY INTEGRATING FIELD OPERATIONS INTO THE REGULATORY STRUCTURE.

IN JANUARY 1979, WE ISSUED "DEVELOPING A DOMESTIC COMMON CARRIER TELECOMMUNICATIONS POLICY: WHAT ARE THE ISSUES?" THIS REPORT PRESENTED THE PRINCIPAL CONCEPTS AND BACKGROUND INFORMATION NEEDED TO ADDRESS SUCH KEY TELECOMMUNICATIONS ISSUES AS DOMESTIC POLICY, INDUSTRY STRUCTURE, AND REGULATION.

IN JUNE 1979, WE ISSUED "SELECTED FCC REGULATORY POLICIES: THEIR PURPOSE AND CONSEQUENCES FOR COMMERCIAL RADIO AND TV." THIS REPORT REPRESENTED OUR FIRST EFFORT TO ASSESS THE IMPACT OF SELECTED FCC POLICIES AND RULES ON COMMERCIAL RADIO AND TELEVISION BROADCASTERS AND THE AMERICAN PUBLIC. THESE POLICIES AND RULES PERTAIN TO

- THE BROADCAST LICENSING PROCESS;
- REGULATION OF PROGRAM SERVICE;
- ASCERTAINMENT OF COMMUNITY PROBLEMS, NEEDS, AND INTEREST;

- RULES CONCERNING OWNERSHIP OF STATIONS;
- EQUAL EMPLOYMENT OPPORTUNITY;
- EQUAL OPPORTUNITIES/FAIRNESS DOCTRINE; AND
- CHARGES FOR SPECTRUM USE.

ALTHOUGH OUR COMPLETED WORK HAS NOT DEALT SPECIFICALLY WITH SMALL BUSINESSES, WE HAVE, IN OUR JUNE 1979 REPORT, INCORPORATED THE VIEWS OF SMALL RADIO AND TV CONCERNS. THIS WAS DONE THROUGH INTERVIEWING OFFICIALS, MANAGERS, AND OTHER REPRESENTATIVES OF BROADCAST STATIONS AND BY CONDUCTING A QUESTIONNAIRE SURVEY OF COMMERCIAL RADIO AND TELEVISION STATION MANAGERS.

I WOULD NOW LIKE TO HIGHLIGHT THOSE FINDINGS AND RECOMMENDATIONS IN OUR JUNE 1979 REPORT RELATING TO THE COMMISSION'S RULES CONCERNING THE OWNERSHIP OF COMMERCIAL RADIO AND TV STATIONS.

#### SCOPE OF THE COMMISSION'S REGULATION

THE COMMUNICATIONS ACT OF 1934 ESTABLISHED THE FEDERAL COMMUNICATIONS COMMISSION TO REGULATE INTERSTATE AND FOREIGN COMMUNICATION BY WIRE AND RADIO, INCLUDING TELEGRAPH, TELEPHONE, AND BROADCAST. MOST OF THE PROVISIONS RELATING TO BROADCASTING WERE ADOPTED FROM THE RADIO ACT OF 1927, WHICH HAD FOCUSED ON REGULATING THE PHYSICAL ASPECTS OF BROADCAST TRANSMISSION. TODAY, THE COMMISSION'S REGULATORY ROLE IN BROADCASTING ALSO INCLUDES RULES INTENDED TO ASSURE DIVERSITY OF IDEAS AND VIEWPOINTS.

THE COMMUNICATIONS ACT OF 1934 DIRECTS THE COMMISSION TO GRANT LICENSES TO THOSE WHO WOULD SERVE THE "PUBLIC INTEREST, CONVENIENCE, AND NECESSITY," A PHRASE WHICH THE ACT LEFT UNDEFINED. AS INTERPRETED AND APPLIED BY THE COMMISSION, THE PUBLIC INTEREST STANDARD ENTAILS SOME GOVERNMENTAL CONTROL OVER THE NUMBER OF BROADCAST STATIONS WHICH A LICENSEE CAN OWN.

RULES COVERING OWNERSHIP  
OF BROADCAST STATIONS

THE BELIEF THAT THE PUBLIC SHOULD GET THE GREATEST NUMBER OF VIEWPOINTS FROM DIVERSE, COMPETING SOURCES IS THE BASIS FOR THE COMMISSION'S RULES LIMITING THE NUMBER OF BROADCAST STATIONS WHICH A LICENSEE MAY OWN. THESE MULTIPLE OWNERSHIP RULES ARE INTENDED TO FOSTER MAXIMUM COMPETITION IN BROADCASTING AND PROMOTE DIVERSITY OF PROGRAMING SOURCES AND VIEWPOINTS. SINCE OPTIMUM LEVELS OF COMPETITION AND DIVERSITY CANNOT BE MEASURED, THE COMMISSION ASSUMES THAT THE GREATER THE NUMBER OF OWNERS, THE GREATER THE DIVERSITY.

THE MULTIPLE OWNERSHIP RULES RESTRICT STATION OWNERSHIP AT THE LOCAL, REGIONAL, AND NATIONAL LEVELS. AT THE LOCAL LEVEL, FOR EXAMPLE, A STATION OWNER GENERALLY IS PROHIBITED FROM BUILDING OR ACQUIRING ANOTHER STATION IF HE WOULD THEN OWN A TV-RADIO COMBINATION IN THE SAME COMMUNITY. AT THE NATIONAL LEVEL, A SINGLE OWNER CAN HOLD NO MORE THAN SEVEN AM STATIONS, SEVEN FM STATIONS, AND SEVEN TV STATIONS. NO MORE THAN FIVE OF THE TV STATIONS CAN BE VHF.

FOR THE MOST PART, THE MULTIPLE OWNERSHIP RULES WERE ADOPTED TO CONTAIN EXISTING SITUATIONS AND LIMIT THE POTENTIAL FOR INDUSTRY DISRUPTION. THEREFORE, THE COMMISSION HAS IMPLEMENTED ITS RULES PRIMARILY ON A PROSPECTIVE BASIS AND GENERALLY HAS NOT REQUIRED ESTABLISHED LICENSEES TO DIVEST ANY OF THEIR HOLDINGS.

EFFECT OF OWNERSHIP RULES ON OWNERSHIP CONCENTRATION

THE DIRECT EFFECT OF THE MULTIPLE OWNERSHIP RULES ON DIVERSITY OF PROGRAMING SOURCES AND VIEWPOINTS IS NOT KNOWN. IT IS KNOWN, HOWEVER, THAT BECAUSE THE RULES GENERALLY DO NOT REQUIRE DIVESTITURE, THEY HAVE NOT LED TO MAJOR REDUCTIONS IN OWNERSHIP CONCENTRATION. BY SOME MEASURES, OWNERSHIP CONCENTRATION HAS DECLINED; BY OTHER MEASURES, IT HAS INCREASED OR REMAINED STABLE. FOR EXAMPLE:

- ONLY 29 PERCENT OF THE LOCAL RADIO-TV CO-OWNERSHIPS IN 50 MAJOR MARKETS STUDIED BY THE DEPARTMENT OF JUSTICE IN 1966-67 HAD BEEN DISSOLVED BY 1976.
- THE NUMBER OF LOCAL TV-NEWSPAPER CROSSOWNERSHIPS DECLINED FROM 96 IN 1970 TO 60 IN LATE 1976. AMONG THE 50 MAJOR MARKETS STUDIED BY THE JUSTICE DEPARTMENT, 31 HAD CROSSOWNERSHIPS IN 1966-67 COMPARED WITH 24 IN 1976.
- IN 1956, 43 PERCENT OF ALL COMMERCIAL TV STATIONS WERE HELD BY 81 GROUP OWNERS--THOSE OWNING MORE THAN

1 TV STATION. IN 1976, 61 PERCENT OF ALL COMMERCIAL TV STATIONS WERE HELD BY 128 GROUP OWNERS.

A MORE COMPLETE DESCRIPTION OF THE MULTIPLE OWNERSHIP RULES AND THE LEVELS OF OWNERSHIP CONCENTRATION IS SHOWN IN APPENDIX II.

WHETHER ONE AGREES WITH THE COMMISSION'S RELUCTANCE TO EMPLOY DIVESTITURE AS A REGULATORY TOOL DEPENDS ON WHETHER HIGHER PRIORITY SHOULD BE GIVEN (1) TO DIVERSIFICATION OF OWNERSHIP AS A MEANS OF FOSTERING INDUSTRY COMPETITION AND DIVERSITY OF PROGRAMING SOURCES AND VIEWPOINTS OR (2) TO INDUSTRY STABILITY AS A MEANS OF ENSURING THE BEST PRACTICABLE SERVICE TO THE PUBLIC. THE COMMISSION HAS HELD THAT BROAD-SCALE DIVESTITURE IS A HARSH REMEDY AND THAT A MERE HOPED-FOR GAIN IN DIVERSITY IS NOT ENOUGH TO OFFSET THE POSSIBILITIES OF INDUSTRY DISRUPTION, OWNER HARDSHIP, AND REDUCTION IN SERVICE TO THE PUBLIC. ON THE OTHER HAND, ADVOCATES OF DIVESTITURE HAVE CONTENDED THAT PRIMARY REGULATORY EMPHASIS SHOULD BE PLACED ON INCREASED OWNERSHIP DIVERSIFICATION AS A MEANS OF FOSTERING INCREASED DIVERSITY OF IDEAS AND THAT THE POSSIBILITIES OF INDUSTRY DISRUPTION, OWNER HARDSHIP, AND REDUCED SERVICE HAVE BEEN EXAGGERATED.

WE BELIEVE THE APPROPRIATE ROLE OF DIVESTITURE IN BROADCAST REGULATION IS A MATTER OF JUDGMENT, SINCE THERE IS NO CONCLUSIVE EVIDENCE THAT NEWSPAPER-BROADCAST, TV-RADIO, AND AM-FM CO-OWNERSHIPS PROVIDE BETTER SERVICE, OR THAT THEIR DIVESTITURE WOULD CAUSE PUBLIC HARM. FOR THIS REASON, WE

RECOMMENDED THAT THE CONGRESS DECIDE, AS A MATTER OF POLICY,  
--THE RELATIVE IMPORTANCE TO BE PLACED ON OWNERSHIP  
DIVERSIFICATION AND INDUSTRY STABILITY IN FORMULATING  
BROADCAST STATION OWNERSHIP RULES AND  
--THE CIRCUMSTANCES UNDER WHICH DIVESTITURE BY ESTAB-  
LISHED BROADCAST LICENSEES WOULD BE APPROPRIATE FOR  
FOSTERING COMPETITION AND DIVERSITY.

NEED FOR IMPROVED ANALYSIS AND  
REPORTING OF OWNERSHIP STATISTICS

ALTHOUGH THE COMMISSION CANNOT DETERMINE THE EFFECTS  
ON DIVERSITY OF ITS MULTIPLE OWNERSHIP RULES, IT CAN MEASURE  
THE IMPACT ON OWNERSHIP CONCENTRATION BY ANALYZING AVAILABLE  
OWNERSHIP DATA. HOWEVER, IT DOES NOT. EXCEPT INFREQUENTLY  
DURING THE PROCEEDINGS TO FORMULATE OWNERSHIP RULES, THE  
COMMISSION PERFORMS NO OVERALL OWNERSHIP ANALYSES NOR DOES  
IT MAINTAIN AGGREGATE OWNERSHIP STATISTICS. WE CONCLUDED  
THAT AGGREGATE OWNERSHIP STATISTICS WOULD BE USEFUL TO THE  
COMMISSION IN ASSESSING OWNERSHIP TRENDS, REDUCING RESEARCH  
TIME, AND EVALUATING THE IMPACT OF OWNERSHIP POLICIES. WE  
RECOMMENDED THAT THE COMMISSION ESTABLISH AN INFORMATION  
SYSTEM TO PROVIDE CURRENT OWNERSHIP DATA AND PUBLISH PERIODI-  
CALLY A STATISTICAL REPORT SHOWING CHANGES IN OWNERSHIP  
CONCENTRATION AT THE LOCAL, REGIONAL, AND NATIONAL LEVELS,  
THEREBY PROVIDING THE CONGRESS AND THE PUBLIC WITH A METHOD  
OF MONITORING OWNERSHIP TRENDS.

## MINORITY OWNERSHIP RULES

IN 1978, THE COMMISSION ADOPTED A POLICY TO PROMOTE OWNERSHIP OF BROADCAST STATIONS BY RACIAL MINORITIES. THIS POLICY IS INTENDED TO ENSURE ADEQUATE REPRESENTATION OF MINORITY VIEWPOINTS AND, LIKE THE MULTIPLE OWNERSHIP RULES, TO PROMOTE DIVERSITY OF PROGRAMING SOURCES. THE COMMISSION DOES NOT, HOWEVER, COLLECT MINORITY OWNERSHIP DATA.

SUCH DATA WOULD HELP THE COMMISSION IN EVALUATING ALTERNATIVE WAYS FOR INCREASING MINORITY PARTICIPATION AND IN DETERMINING THE EFFECTIVENESS OF THE ACTIONS TAKEN. IN A MAY 1978 REPORT, THE COMMISSION'S TASK FORCE ON MINORITY OWNERSHIP ESTIMATED THAT FEWER THAN 1 PERCENT OF ALL RADIO AND TV PROPERTIES ARE CONTROLLED BY MINORITY PERSONS, AND IT RECOMMENDED THAT THE COMMISSION REVIEW ITS OWNERSHIP, LICENSING, AND RELATED RULES AND POLICIES TO DETERMINE HOW THEY AFFECT MINORITY ACCESS TO STATION OWNERSHIP. WE RECOMMENDED THAT THE COMMISSION IMPLEMENT PROCEDURES FOR COLLECTING MINORITY OWNERSHIP STATISTICS AND INCLUDE SUCH STATISTICS IN THE PERIODIC COMMISSION REPORT ON OWNERSHIP CONCENTRATION NOTED EARLIER.

### COMMISSION ACTION

IN ITS AUGUST 1979 RESPONSE TO OUR REPORT, THE COMMISSION STATED THAT OUR RECOMMENDATIONS FOR IMPROVING OWNERSHIP STATISTICS HIGHLIGHTED SHORTCOMINGS IN ITS COMPUTER-BASED INFORMATIONAL SYSTEM, THAT A COMPLETE REAPPRAISAL OF THE PRESENT SYSTEM IS IN ORDER, AND THAT A PERIODIC STATISTICAL REPORT

SHOWING CHANGES IN OWNERSHIP CONCENTRATION AND THE LEVELS OF  
MINORITY OWNERSHIP PARTICIPATION WOULD BE AN EFFECTIVE  
POLICY-MAKING TOOL. CURRENTLY, THE COMMISSION'S BROADCAST  
BUREAU IS CONDUCTING A MAJOR REVIEW OF LICENSING PROCEDURES,  
INCLUDING COMPUTER APPLICATIONS FOR ASSESSING COMMISSION  
POLICIES GOVERNING STATION OWNERSHIP.

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THIS CONCLUDES MY PREPARED STATEMENT. WE SHALL BE GLAD  
TO RESPOND TO YOUR QUESTIONS.

GAO REPORTS ON THE FEDERAL  
COMMUNICATIONS COMMISSION  
JULY 1976 - DECEMBER 1979

<u>Report Title</u>	<u>Date of Issue</u>	<u>Report Requestor</u>
Cable Television And A Regulatory Policy (CED-76-124)	7/16/76	Subcommittee on Communications, House Committee on Interstate and Foreign Commerce
Information Reported By Federal Organi- zations On The Purpose, Duration, And Cost Associated With Cable Television (CED-76-149)	9/15/76	Subcommittee on Communications, House Committee on Interstate and Foreign Commerce
Establishing A Proper Fee Schedule Under The Independent Offices Appropriation Act, 1952 (CED-77-70)	5/6/77	Chairman, Subcom- mittee on Communi- cations, Senate Committee on Com- merce, Science, and Transportation Chairman, Subcom- mittee on Communi- cations, House Committee on Inter- state and Foreign Commerce
Responsibilities, Actions, And Coordi- nation Of Federal Agencies In Interna- tional Telecommuni- cations Services (CED-77-132)	9/29/77	Chairman and Ranking Minority Member, Sub- committee on Communi- cations, House Com- mittee on Interstate and Foreign Commerce
Greater Coordination And A More Effective Policy Needed For Inter- national Telecommuni- cations Facilities (CED-78-87)	3/31/78	Chairman and Ranking Minority Member, Sub- committee on Communi- cations, House Commit- tee on Interstate and Foreign Commerce

<u>Report Title</u>	<u>Date of Issue</u>	<u>Report Requestor</u>
The Role Of Field Operations In The Federal Communications Commission's Regulatory Structure (CED-78-151)	8/18/78	Report initiated by GAO
Developing A Domestic Common Carrier Telecommunications Policy: What Are The Issues? (CED-79-18)	1/24/79	Report initiated by GAO
Selected FCC Regulatory Policies: Their Purpose And Consequences For Commercial Radio And TV (CED-79-62)	6/4/79	Report initiated by GAO
Organizing The Federal Communications Commission For Greater Management And Regulatory Effectiveness (CED-79-107)	7/30/79	Chairman, Subcommittee on Communications, Senate Committee on Commerce, Science, and Transportation
Outlook Dim For Revised Accounting System Needed For Changing Telephone Industry (FGMS-80-9)	11/13/79	Report initiated by GAO
FCC's Decisions To Consolidate Licensing Division In Gettysburg, PA, Was Made Without Adequate Analysis (CED-80-27)	12/3/79	Senator Paul S. Sarbanes and Chairman, House Committee on Banking, Finance, and Urban Affairs

MULTIPLE OWNERSHIP RULES  
AND CHANGES IN OWNERSHIP CONCENTRATION

THE PRINCIPAL COMMISSION RULES LIMITING OWNERSHIP OF COMMERCIAL BROADCAST STATIONS AT THE LOCAL, REGIONAL, AND NATIONAL LEVELS ARE SUMMARIZED BELOW. WITH A FEW EXCEPTIONS, THE RULES ARE APPLIED PROSPECTIVELY. THEREFORE, OWNERS WITH HOLDINGS EXCEEDING PRESCRIBED LIMITS WHEN A RULE WAS ADOPTED GENERALLY WERE NOT REQUIRED TO DIVEST ANY OF THEIR PROPERTIES. SINCE THE COMMISSION DOES NOT MAINTAIN AGGREGATE OWNERSHIP DATA, STATISTICS ON TRENDS IN OWNERSHIP CONCENTRATION ARE LIMITED. THE STATISTICS GIVEN BELOW ARE BASED ON COMMISSION RECORDS AND OTHER PUBLIC SOURCES.

LOCAL OWNERSHIP RULES: ONE-TO-A-MARKET

IN THE EARLY 1940'S, THE COMMISSION ADOPTED RULES PROHIBITING AN OWNER FROM HAVING MORE THAN ONE TV, ONE AM RADIO, AND ONE FM RADIO STATION IN A GIVEN LOCATION. IN 1970, FURTHER RULES WERE ADOPTED GENERALLY PROHIBITING ANY OWNER FROM BUILDING OR ACQUIRING ANOTHER STATION IF HE WOULD THEN OWN A TV-RADIO COMBINATION IN THE SAME AREA.

IN 1966-67, THERE WERE 117 CO-OWNED AND CO-LOCATED TV-RADIO COMBINATIONS IN 50 MAJOR MARKETS WHICH THE DEPARTMENT OF JUSTICE HAD ANALYZED IN URGING THE COMMISSION TO ADOPT THE 1970 ONE-TO-A-MARKET RULES. BY LATE 1976, 34 OF THOSE COMBINATIONS, OR 29 PERCENT, HAD BEEN DISSOLVED. AT THIS RATE, TV-RADIO CO-OWNERSHIPS IN THE 50 MARKETS

WILL BE AROUND UNTIL 1998. IN THE NATION'S 3 LARGEST MARKETS--NEW YORK, LOS ANGELES, AND CHICAGO--THE SAME 15 COMBINATIONS STILL EXISTED. WHEN ALL U.S. MARKETS ARE CONSIDERED, THERE WERE 142 INSTANCES AT 113 LOCATIONS OF TV-RADIO CO-OWNERSHIP IN 1976.

WHILE THE COMMISSION GENERALLY DOES NOT ALLOW FORMATION OF A LOCAL TV-RADIO CO-OWNERSHIP, IT DOES PERMIT AN AM-FM COMBINATION TO BE SOLD TO A SINGLE BUYER BECAUSE IT BELIEVES SUCH A COMBINATION IS NECESSARY FOR THE DEVELOPMENT OF FM RADIO. HOWEVER, THE COMMISSION HAS PLACED LIMITS ON THE AMOUNT OF PROGRAMING DUPLICATION BY CO-OWNED AND CO-LOCATED AM-FM STATIONS. FURTHER, THE COMMISSION IS ON RECORD AS NOT PRECLUDING THE NEED FOR SEPARATE AM AND FM OWNERSHIP IN THE FUTURE.

IN 1970, 1,300 FM STATIONS WERE LICENSED TO OWNERS OF AM STATIONS IN THE SAME LOCATION. BY LATE 1976, OVER 2,000 FM STATIONS WERE CO-OWNED AND CO-LOCATED WITH AM STATIONS. THUS, IF THE COMMISSION TODAY DECIDED TO PROHIBIT LOCAL AM-FM COMBINATIONS, OVER HALF OF THE NATION'S MORE THAN 7,000 COMMERCIAL RADIO STATIONS EITHER WOULD BE MADE SUBJECT TO A DIVESTITURE REQUIREMENT OR EXEMPTED FROM THE REQUIREMENT.

LOCAL OWNERSHIP RULES:  
NEWSPAPER-BROADCAST CROSSOWNERSHIP

ADOPTED IN 1975, THE CROSSOWNERSHIP RULES PROHIBIT FUTURE FORMATION OF A TV-NEWSPAPER OR RADIO-NEWSPAPER

COMBINATION IN THE SAME MARKET. FURTHER, IN 16 SPECIFIC CASES, THE RULES REQUIRE DIVESTITURE BY OWNERS CONTROLLING THE ONLY DAILY NEWSPAPER AND EITHER THE ONLY TV STATION OR THE ONLY BROADCAST STATION OF ANY KIND PROVIDING THE ENTIRE COMMUNITY WITH A CLEAR SIGNAL.

THE NUMBER OF LOCAL TV-NEWSPAPER CROSSOWNERSHIPS DECLINED FROM 96 IN 1970, WHEN THE CROSSOWNERSHIP BAN WAS FIRST PROPOSED, TO 83 IN 1974 AND TO 60 IN 1976. AMONG THE 50 MAJOR MARKETS ANALYZED BY THE JUSTICE DEPARTMENT, 31 HAD TV-NEWSPAPER CROSSOWNERSHIPS IN 1966-67 COMPARED WITH 24 IN 1976. AMONG ALL COMMERCIAL TV STATIONS, 208, OR 29 PERCENT, HAD SOME FORM OF INTERLOCKING RELATIONSHIP WITH NEWSPAPERS OR MAGAZINES IN 1976. PRECISE DATA ON LOCAL RADIO-NEWSPAPER CROSSOWNERSHIP IS NOT READILY AVAILABLE, BUT IN 1976 LESS THAN 10 PERCENT OF ALL COMMERCIAL RADIO STATIONS HAD COMMON OWNERSHIP WITH NEWSPAPERS OR MAGAZINES.

#### REGIONAL OWNERSHIP RULES

THE REGIONAL OWNERSHIP RULES PROHIBIT THE ACQUISITION OF 3 BROADCAST STATIONS IF ANY 2 ARE WITHIN 100 MILES OF THE THIRD AND ANY OF THE STATIONS HAVE OVERLAPPING PRIMARY AREAS OF SERVICE. SINCE THE RULES WERE ADOPTED IN 1977, WE DID NOT ATTEMPT TO IDENTIFY CHANGES IN REGIONAL OWNERSHIP PATTERNS.

NATIONAL OWNERSHIP RULES

THE NATIONAL OWNERSHIP RULES PROHIBIT OWNERSHIP OF MORE THAN SEVEN AM STATIONS, SEVEN FM STATIONS, AND SEVEN TV STATIONS. NO MORE THAN FIVE OF THE TV STATIONS CAN BE VHF. THESE NUMERICAL LIMITS WERE SET IN 1953-54.

IN SOME RESPECTS, OWNERSHIP CONCENTRATION OF COMMERCIAL TV STATIONS AT THE NATIONAL LEVEL HAS INCREASED. FOR EXAMPLE:

--IN 1956, 43 PERCENT OF TV STATIONS WERE HELD BY 81 GROUP OWNERS--THOSE OWNING MORE THAN ONE TV STATION. IN 1976, 61 PERCENT OF TV STATIONS WERE HELD BY 128 GROUP OWNERS.

--IN 1956, 90 PERCENT OF ALL GROUP OWNERS HELD 2 TO 4 STATIONS WHILE 10 PERCENT HELD 5 TO 7. IN 1976, 77 PERCENT HELD 2 TO 4 STATIONS WHILE 23 PERCENT HELD 5 TO 7.

--IN 1956, GROUP OWNERS HELD 58 PERCENT OF THE VHF STATIONS IN THE LARGEST 50 MARKETS AND 7 GROUP OWNERS CONTROLLED THE MAXIMUM OF 5 VHF STATIONS. IN 1976, GROUP OWNERS HELD 81 PERCENT OF THE VHF STATIONS IN THE TOP 50 MARKETS AND 16 OWNERS CONTROLLED THE MAXIMUM OF 5 VHF STATIONS. DEPENDING ON THE LOCATION OF THEIR STATIONS, THESE 16 OWNERS REACHED BETWEEN 0.5 PERCENT AND 22 PERCENT OF THE NATION'S TV HOUSEHOLDS.

IN OTHER RESPECTS, OWNERSHIP CONCENTRATION AT THE NATIONAL LEVEL HAS DECREASED OR REMAINED STABLE. FOR EXAMPLE:

--IN 1956, 8 OF THE LARGEST 25 MARKETS HAD NO SINGLE-STATION PROPRIETOR. BY 1976, THE NUMBER HAD DECLINED TO 4 MARKETS.

--AMONG THE TOP 25 MARKETS, GROUP OWNERS CONTROLLED 72 PERCENT OF TV STATIONS IN 1956. BY 1976, THE FIGURE HAD DECLINED SLIGHTLY TO 70 PERCENT.

DATA ON CHANGES IN OWNERSHIP PATTERNS OF COMMERCIAL RADIO AT THE NATIONAL LEVEL IS NOT READILY AVAILABLE, BUT THE CURRENT CONCENTRATION LEVEL APPEARS SUBSTANTIALLY BELOW THAT OF COMMERCIAL TV. IN 1976, 70 OWNERS HELD 5 OR MORE AM OR 5 OR MORE FM STATIONS, AND 17 CONTROLLED EITHER THE MAXIMUM OF 7 AM OR 7 FM PROPERTIES. IN TOTAL, THE 70 OWNERS HELD LESS THAN 10 PERCENT OF THE COMMERCIAL STATIONS ON-THE-AIR IN 1976.