Lawrence K. Grossman

Lawrence K. Grossman's career in print and electronic communications spans almost five decades. From 1984 to 1988 Grossman was president of NBC News. Prior to that he was president of PBS (the Public Broadcasting Service). He's also held positions in charge of advertising and promotion at NBC, and in advertising and promotion at CBS and *Look* magazine. For ten years, Grossman headed his own media and advertising agency. A prolific writer on media and political issues, he is author of the widely raised, The *Electronic Republic: Reshaping Democracy in the formation Age*, published by Viking and Penguin Books. He writes a regular column, "In the Public Interest," for the *Columbia Journalism Review* and has contributed numerous articles on media and politics to newspapers, magazines and journals.

Grossman held the Frank Stanton Chair on the First Amendment at the Kennedy School of Government at Harvard and was a senior fellow at the Gannett Center for Media Studies at Columbia University's Graduate School of Journalism.

Mr. Grossman serves on various not-for-profit boards including: Connecticut Public Broadcasting, where he is chairman of the board's Strategic Planning Committee; the International Longevity Center, USA; the International Council on Global Public Health Progress, Paris, and the American Heart Association Research Council, New York City. He and his wife Alberta, an adjunct professor at Borough of Manhattan Community College of City University of New York, reside in Westport, CT and New York City.

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February 12, 1999

Statement of Lawrence K. Grossman

***En Banc* Hearing Before the Federal Communications Commission**

On Local Television Ownership Rules

Thank you for your invitation to appear on this morning's first panel. The material I received from Mr. Stewart, Chief of the Mass Media Bureau, advised us to offer you "A General Perspective -- Views from Academia and Wall Street," since the panel's members consist of "legal scholars, economists, political scientists, and Wall Street observers."

In the interest of full disclosure, I should warn you that I am none of the above and have none of those credentials. Far from being a legal scholar, I am in fact a law school drop-out. Nor do I qualify as an academic, an economist, or a professional Wall Street observer. A decade ago, over the objection of some resident Harvard academics, I did occupy the Frank Stanton First Amendment Chair at the Kennedy School of Government. In the early 1990s I spent time as a Senior Fellow at Columbia University. And more recently I wrote a book, "The Electronic Republic, Reshaping Democracy in the Information Age," now in paperback. But my only advanced academic degree was not earned but honorary.

I have, however, spent most of my working life in television, starting in advertising at CBS in the 1950s; then in the 1960s as vice president of advertising for

NBC; in the 1970s running my own advertising and production company; then from 1976 to '84 serving as president of PBS, and from 1984 to '88 as president of NBC News. Currently, I serve on the board of Connecticut Public Broadcasting and other not-for-profit organizations, and for my sins, I serve as chairman of Connecticut's Strategic Planning Committee, preparing for the digital era.

So my role here this morning is to offer you my own general perspective, based merely on my own long and diverse professional TV experience. And let me say right up front that in my view you would be making a serious mistake and acting against the public interest if you decide at this time to modify the "duopoly rule" and allow a single company to own more than one TV station in a market; or if you let companies own radio stations in markets where they also own TV stations; or if you allow one company to own both the newspaper and one or more TV stations in town, or if you decide to expand TV local marketing agreements. All of these changes, I suggest, will only weaken local TV service.

The ongoing changes in the mass media have not yet made it necessary to relax your TV station ownership rules. There might conceivably be a need in the smallest markets to waive a station ownership restriction from time to time in order to help a small station survive. But that has little to do with changes in television technology, and there is absolutely no need now to change the entire broadcasting industry by weakening TV ownership rule. Some day, perhaps, there may be such a need, in this unpredictable, fast-changing electronic media environment. But I doubt it. If anything, new digital technologies such as datacasting, Internet access through the TV screen, and the prospect of multiplexing TV stations appear to give broadcasters even more opportunities to make money not less.

Reducing diversity of station ownership is certainly not advisable as long as your underlying, bedrock policy continues to be to encourage diversity of programming, news sources, and viewpoints. As the Supreme Court has said, the First Amendment itself "rests on the assumption that the widest possible dissemination of information from diverse and antagonistic sources is essential to the welfare of the public…." The basic policy preference should still be for the widest possible diversity of local ownership of TV stations in every market.

Obviously, diversity of TV station ownership by itself offers no guarantee of producing a diversity of viewpoints. Nor does it guarantee the existence of the diverse and antagonistic sources of information that, according to the Supreme Court, undergird the First Amendment and are essential to the public welfare. Television today suffers from what economists call "an excess of sameness" despite your local ownership rules that are designed to promote diversity of content. But a policy that will diminish diversity of TV station ownership will inevitably guarantee that fewer differing viewpoints will be made available on the air waves. Such a policy will guarantee the diminution of diverse sources of local news. And it will guarantee the homogenizing of antagonistic sources of ideas.

Before easing local TV ownership rules, I urge you to conduct a careful study of the effect on local service that easing radio's local ownership rules has produced. In radio, what was once basically a locally owned media business has become virtually a national oligopoly. I have no doubt that a careful study will show that radio now offers less local service than in the past, in part because easing radio's ownership rules has brought about a predominance of distant absentee corporate owners, more interested in financial results than broadcasting service. The result has been a sharp decline in local radio news gathering and local radio news reporting. Diminishing attention is being paid to coverage of local issues on commercial radio. And radio has experienced a corresponding rise in regimented, formulaic talk and music formats, imposed by outside owners, with little regard for individual community needs and interests.

And it is important to note that this deterioration in radio's local service has not been caused by economic hardship. Radio is now the most profitable of all the mass media, the darling of Wall Street, in part because its programming and operating costs are so cheap. The economies of scale that companies achieve by buying and operating scores of radio stations are most often used not to benefit the public, but to increase corporate profits and cash flow, and to repay the debts incurred from radio station purchases. The typical first step of a company that buys radio and television stations is to slash the newly acquired stations' operating costs to improve the company's profit margins. And the biggest cost centers invariably targeted for budge cuts tend to be local news reporting and local news gathering.

I write an occasional column for the Columbia Journalism Review called "In the Public Interest." Last fall, I wrote about the decline of radio reporting. Every radio news director I interviewed deplored the deterioration of local coverage and the homogenization of radio news. They blame it all on the companies' rush to acquire stations. As one said, "What's happening to radio news throughout the country is not a pretty picture." In the words of another, "radio today gives the appearance of having a multiplicity of news voices. But in reality what is coming out of those many thousands of radio channels is the product of a very few media owners." And a third complained that radio's multi-station owners are turning the stations under their control into "a commodity rather than a service, abandoning any pretense of serious news digging or reporting."

So before you lower the barriers to multiple television station ownership in a single market, I suggest you carefully study what exactly have been the unintended consequences during the past three years of easing radio's ownership restrictions. You should also study what has happened in TV markets where public-spirited, quality local broadcasters have sold their TV stations to larger distant companies, a trend that will accelerate rapidly if you relax local ownership rules in television. Study, for example, Seattle, once admirably served by King Broadcasting; Portland, Maine, once well served by Maine Broadcasting; and Sacramento, once well served by Sacramento Broadcasting. From all the accounts I have heard and read, new absentee multi-station owners have cut local TV news reporting and news gathering costs and diminished local TV community service in those markets rather than improved it. Large group ownership has made it increasingly difficult for the remaining local TV broadcasters to acquire programming and compete effectively.

Some have also urged you to lift restrictions on common ownership of a TV station and newspaper in the same market, even though almost every TV market in the country now is served by only a single daily local newspaper. By definition, if that were done, coverage of controversial local issues involving education, the environment, government fiscal policy, welfare, law enforcement, or medical services would see a significant reduction in the presentation of diverse viewpoints the Supreme court called for. Common sense also suggests that in any market where a newspaper and one or more television stations are owned in common, the newspaper will tend to be a lot less critical of the television station's poor performance and inadequate service to its community than if the two were independently owned.

Finally, as you know, digital technology will enable a single TV station in a market to expand into four or five TV stations, thereby compounding the local multiple ownership problem. If you change the duopoly rule now, broadcasters who own more than one TV station in a market eventually will have the capacity to convert their analog stations into eight or ten or more digital TV stations in the same market. It is way premature to set that in motion now.

Today, with television stations fetching record-breaking prices and TV station cash flow margins running at 50 to 60 percent of income, there is no compelling economic reason to lessen restrictions on local ownership and, in effect, reduce the number of information gatekeepers in each market. In the famous words of the great jurist Learned Hand, "The dissemination of news from as many different sources as possible" is "one of the most vital of all general interests....The right conclusions are more likely to be gathered out of a multitude of tongues than through any kind of authoritative selection. To many this is, and always will be folly," Judge Hand said, "but we have staked upon it our all." The Federal Communications Commission should do no less.

Thank you.