Congress Moves Toward Easing Media Ownership Curbs

7/19/95

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Imagine living in a city where one company owns the only local newspaper, two of the top TV stations and two of the four leading TV networks. Elsewhere, the company owns dozens more TV and radio stations, cable systems, a big movie studio and even a regional phone company.

For decades, it couldn't happen. Concerned that ever-larger media giants would monopolize the advertising market—and smother the marketplace of ideas—the federal government tempered the acquisitive urges of old-time media barons such as William Randolph Hearst and latter-day ones such as Rupert Murdoch and Ted Turner. Regulations, for example, prevent a local newspaper publisher from buying even one TV or radio station in the same town.

Now a new era may be at hand, one welcomed by many media companies and feared by those concerned that control over the transmission of news and ideas may fall into too few hands.

The Senate, as part of a larger telecommunications bill, last month approved a broad and unprecedented rewriting of the nation's media ownership restrictions. Among other things, it would give network owners such as NBC, Time Warner Inc. and Murdoch's Fox Broadcasting Co. the power to buy an unlimited number of broadcast stations if those stations combined reached no more than 35 percent of U.S. households.

The bill also would lift all local and national caps on radio station ownership and relax the ban on common ownership of cable and phone systems—which would enable, say, Bell Atlantic Corp. to control both of the telecommunications wires leading into a home in many communities.

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A version pending in the House, which will take up the telecommunications debate this summer, goes further. Sponsored by Republican Reps. Jack M. Fields Jr. of Texas and Thomas J. Bliley Jr. of Virginia, the House bill would allow the networks to acquire stations that in combination reach as much as 50 percent of the nation. In addition, CBS and Fox or another network owner would be free to merge for the first time.

The House bill also would let companies expand their ownership of different kinds of media in the same market, such as by jointly owning the newspaper and local TV station—a provision that could directly benefit companies such as Times Mirror Co., the New York Times Co. and The Washington Post Co.

Currently, a publisher cannot acquire a TV station, cable system or radio station in an area where it owns a newspaper. (Some newspaper-TV combinations, such as those in Chicago and San Francisco, were grandfathered by the government because they were in place before the restrictions took effect.)

Supporters of the Bliley-Fields bill's media ownership provisions say these changes are long overdue, that the old rules are relics of an age when people got most of their news from the daily newspaper or their TV programs from just three networks.

They say that the media landscape is so diverse—with dozens of cable, broadcast, satellite, print and, soon, even telephone companies serving a city's information needs—that no company could hope to corner the market on advertising or ideas.

"The media business is fragmenting on so many different levels that most of these regulations don't make much sense anymore," said Rep. Scott L. Klug (R-Wis.), a former newsman. "I think the public should be given the opportunity to pick winners and losers without the government" interfering.

Even if a handful of companies could control the media, said Adam Thierer, an economics fellow at the conservative Heritage Foundation, antitrust laws would remedy the problem. "I can't find any credibility at all in the current rules," he said.

But critics discount these arguments. The legislation "is nothing more than a giveaway to powerful [businesses] that will now have even more influence over the politicians that are helping them," said Jeffrey Chester of the Center for Media Education, a Washington think tank.

Opponents of the legislation say that even without the rules being changed, some media companies are growing too powerful. Chester's group points out that only two companies—Tele-Communications Inc. and Time Warner Inc.—own the cable TV wires reaching 40 percent of all U.S. cable subscribers.

"We ought to be seriously concerned about it," said Ben Bagdikian, the former dean of the University of California at Berkeley's journalism school, who has long criticized corporate control of the news media. "Media power is enormous political power. The more powerful the media companies become, the less likely politicians will be to offend them.

The Clinton administration, along with Democratic allies in Congress, has sounded similar criticisms. Larry Irving, the administration's chief policy adviser on telecommunications, has raised the prospect of political candidates running up against "bottlenecks"—powerful media companies in local communities that could deny candidates access to voters or set conditions on it. Irving also expresses concern about a loss of "localism" as community-based media are bought by large companies based elsewhere.

The media ownership debate largely has been overlooked by the news media during congressional deliberations over the telecommunications bill. The media's focus has been the bill's removal of price controls on some parts of cable TV service and the dismantling of rules that allow legal monopolies in telecommunications.

The Federal Communications Commission currently prohibits a company from owning two TV stations in a market and from owning a city's newspaper as well as a TV or radio station. Nationally, it limits a company to owning 12 TV stations, and these stations' signals cannot collectively reach more than 25 percent of the U.S. population.

By keeping companies out of some businesses, the regulations have affected the size and shape of today's media conglomerates. Murdoch, for example, started in the United States as a newspaper publisher but in 1986 was forced by FCC rules to divest newspapers in markets where he acquired TV stations.

Repeal of the rules likely would spur a wave of consolidation, as cable companies, broadcasters, phone and newspaper companies scrambled to expand in their industries or cross into others, media executives say.