

**Opening Remarks by Commissioner Kevin J. Martin**  
FCC Hearing On Media Ownership  
Richmond, Virginia  
February 27, 2003

Good morning, and thank you for braving the weather to join us at this public hearing today. I find enormous value in talking to and actually hearing from members of the public, as well as the media industry. Hearing your thoughts and insights on the subject of our media ownership rules is particularly important to our thorough review.

When formulating media ownership rules, three key principles have guided – and will continue to guide – our agency’s decisions: competition, diversity, and localism. These core values recognize the tremendous role that the media plays in a functioning democracy, where the ability to express diverse viewpoints is essential. Indeed, much of the news, information and entertainment that we receive today are from the media. Thus, any decisions the FCC makes with respect to media ownership will impact our day-to-day lives, the continued expression of diversity, and ultimately our democratic system.

Yet, we must address these issues. Congress has required us to review our broadcast ownership rules every two years to ensure that they are still necessary. And the courts have made clear that this cannot be a cursory review, nor can we base our conclusions on unsubstantiated beliefs. As the Chairman has explained, if we don’t adequately justify our rules, the courts may eliminate our ownership rules altogether. In that vein, the chairman should be commended for conducting this review.

There is no question that the courts have been evaluating our decisions with increasing scrutiny. Indeed, the D.C. Circuit has struck the last five media ownership rules it has reviewed.<sup>1</sup> The court repeatedly has criticized the Commission for failing to consider the competitive forces present in the modern media marketplace, and the new voices that have been introduced since the rules were first enacted.

Indeed, the media landscape *has* changed significantly since the adoption of our current rules. The number of broadcast networks has doubled. And we now have numerous non-broadcast networks; there are 230 national cable programming networks and more than 50 premium networks that regularly rival the broadcast networks in audience share. Their success, naturally, is due to the introduction and widespread popularity of multichannel video programming distributors. In fact, today over 85% of households receive their video programming via satellite or cable. In addition, the growth and popularization of the Internet has dramatically changed how people receive and distribute information. The Internet represents a significant outlet for diverse views, as well as an important source of news and information to consumers. It is with all of these changes in mind that we must conduct our review of the ownership rules.

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<sup>1</sup> The five rules are the cable/broadcast cross-ownership rule, the national television limit, the local television limit, the cable horizontal limit, and the cable channel occupancy limit.

Given all of the developments in the media landscape, one rule in particular is in need of review. The rule which prohibits a company from owning a newspaper and broadcast station in the same market has not been reviewed in almost thirty years. Today, newspapers are the only media entities that are prohibited from owning a broadcast station, even in the largest markets. Two broadcast television stations are generally permitted to combine in large markets and could own up to 6 radio stations, as well. Yet newspapers remain prohibited from owning even a single radio station. The Commission has stated several times in the past seven years that this rule might need modifying. But after three notices, it has yet to act. I believe we should relax this rule, if not repeal it. At a minimum, we should give broadcast stations and newspapers the same opportunity to combine that two television stations now have in the larger markets.

Of course, the introduction of new voices into the marketplace does not necessarily mean that all of our limits need to be relaxed or eliminated. Indeed, I believe that the FCC must be mindful of unintended consequences from any changes in our rules. For example, many people have expressed concern about the increased consolidation that has occurred in local radio. Some of this consolidation may actually be due to the Commission's rules, rather than the numerical limits set by Congress. The problem lies in the FCC's definition of a "market," and in an obscure counting method for determining how many stations in a market one entity owns. The result of our practices is that the Commission sometimes treats small towns like big markets. We have raised both these issues in the current proceeding, and we need to take this opportunity to address them.

Clearly, with the media marketplace becoming more and more complex, there are no easy answers to the task we confront. The ownership rules are in need of review, and in some instances, revision. But our guiding principles will remain at the heart of all of our decisions. I remain committed to doing everything I can to ensure that the FCC adopts ownership rules that protect and promote competition, diversity, and localism in today's media environment. And I am fully aware of how central the decisions we make will be to the lives of many of you.

Thus, I welcome all of your insights, I commend the Chairman for instituting this proceeding and scheduling this hearing, and I look forward to hearing from you, both today and in the months to come.