

Remarks of FCC Chairman Kevin Martin
Rainbow Push Coalition and Citizen Education Fund Media & Telecommunications
Symposium

I want to begin by thanking Rev. Jackson for inviting me to be here today. And thank you James Winston for that kind introduction. I also want to recognize Kimberly Marcus not only for her efforts this week but for her help with the Commission's media ownership hearing held at Rainbow Push headquarters in Chicago last month.

Technology today touches almost every aspect of our lives. We are dependent upon it for our news, our information and our entertainment. It's an exciting time in the media and telecommunications industries—but it is also a challenging one.

The Commission has taken a number of steps to improve the communications landscape for all Americans. A particular point of focus has been promoting the availability and adoption of broadband internet access. We have made significant progress on this point. The Commission has acted to remove regulatory barriers to broadband deployment, and the result has been a significant increase in the number of Americans subscribing to broadband at the same time that the price for broadband services has declined.

This success has been confirmed by studies by the independent Pew Internet and American Life Project. For instance, in March of 2005, when I became Chairman, Pew found that only 14% of African Americans subscribed to broadband—among the lowest of any major demographic group. Today 40% of African Americans have a broadband internet connection at home, an increase of 31% since March of 2006 and an increase of 186% since March of 2005.

The Commission has also taken steps to address skyrocketing cable rates. I'm sure I don't have to tell you that cable rates have risen faster than the rate of any other communications service. But you might not know how significant that disparity is. The average cost of the expanded cable package (the standard cable package) almost doubled from 1995 to 2005—increasing 93%—while the cost of other communication services didn't just increase less, they *fell*. Long distance calls, wireless telephone calls, international calls – the price for all these services decreased significantly. Why the difference? The cable industry needs more competition.

Studies (including by the Government Accounting Office, or GAO) had confirmed that the only real check on cable rate increases was when the cable operator has a direct competitor (not by a satellite provider, but another cable operator). The Commission therefore took an important step in enabling consumers to have a choice of cable operators at the end of last year by facilitating the ability of new entrants to obtain franchises to provide video service.

Another impediment to competition lies in the fact that people who live in apartment buildings often have no choice of companies when it comes to their video

service provider. This is because building owners often strike exclusive deals with one cable operator to serve the entire building, eliminating competition.

I recently circulated an Order for the other Commissioners to vote that would eliminate this anti-competitive practice by prohibiting building owners from denying residents a choice among video service providers. I believe those who live in apartments should have the benefits of competition, too: lower rates and better service.

If the other Commissioners vote for this Order, minorities in particular would benefit. That is because a greater percentage of minority-headed households live in apartment buildings. According to the American Housing Survey Report, 40% of all households headed by people of color live in apartments, compared to 27% of all households.

A robust marketplace of ideas is by necessity one that reflects varied perspectives and viewpoints. Along with competition and localism, diversity is one of the three core goals that form the foundation of the Commission's media policies. Indeed, the opportunity to express diverse viewpoints lies at the heart of our democracy. In order to ensure that the American people have the benefit of that competitive and diverse media marketplace, we need to create more opportunities for new and independent voices to be heard. The FCC is committed to this mission.

We are working to expand opportunities for entry into media and media programming as well as entry into other communications services. One significant obstacle is the limited number of broadcast channels available to minorities and new entrants. Another obstacle is access to capital. Breaking into the telecommunications industry is a difficult task. It can be very difficult for anyone – but especially for a new voice – to find an available channel and gather enough capital to build a new broadcast station.

The Commission took steps to try to address these issues in the radio market by creating low-power FM. These LPFM stations could be squeezed into the existing FM band by lowering the power limits. LPFM thus provided an important opportunity for new local voices in radio. I believe we have a similar opportunity with television today.

The Commission's goal in creating the Low Power FM service was to create a class of radio stations designed to serve very localized communities or underrepresented groups within communities. Low Power FM provides a lower cost opportunity for more new voices to get into the local radio market. An LPFM station can be constructed for as little as \$10,000 compared to the \$50,000 to \$250,000 cost of construction a full power FM station.

The digital television transition provides a major opportunity for new entrants. As many of you know, digital technology enables broadcasters to fit a single channel of programming into a smaller amount of spectrum. Often, there is additional capacity left over that could be used to air additional channels. Small and independently owned

businesses should be able to take advantage of this extra unused spectrum and operate their own broadcast channel. This new station would be able to air its own programs and obtain all the accompanying rights and obligations of other broadcast stations, such as public interest obligations and carriage rights on cable and satellite systems.

There is already a real world example of such an arrangement. Post-Newsweek provides for carriage of Latino Alternative TV (LATV) programming on its multicast channels in Miami, Orlando, Houston, and San Antonio. The Commission currently is considering adopting this idea of allowing small and independently owned businesses and other qualified designated entities to use some of broadcasters' digital capacity.

I have also circulated to the Commissioners proposals that would put in place a number of the actions that have been requested of us by the Minority in Media and Telecom Council, among others. For instance, the Commissioners have had for over six months a proposal that would allow qualified entities additional time to construct broadcast facilities. It also would modify the Equity Debt Plus rule to allow qualified entities to acquire a broadcast station, retain a broadcast station or build out a construction permit. I also continue to advocate that Congress pass legislation providing a tax credit for those selling media properties to small and independently owned businesses.

At the media ownership hearings the Commission has been holding around the country, many have expressed about the impact of media consolidation. One often heard comment is that the consolidation in ownership has made it more difficult for independent and niche networks to get carried by cable and satellite providers. For example, the Black Family Channel recently announced it was becoming an online-only channel and would no longer be shown on TV. Rick Newberger, chief executive of the Black Family Channel, was quoted in one newspaper article about the announcement saying, "Today, if you want to start a cable network, it might be easier to schedule a ride to the moon."

I believe the Commission could take several steps to make it easier for independent programmers. For example, just last month, the Commission asked whether we should limit the ability of large media companies to tie or bundle their programming. Eliminating tying would be an important step toward leveling the playing field between independent programming voices – those not affiliated with the large broadcast, cable and satellite distributors – and competing channels that are owned by cable and satellite.

Under the current system, many cable and satellite owned networks are bundled into the offerings because the distributor has a financial interest in maximizing their distribution, not because viewers are demanding these channels. Matt Polka, the president of the American Media Association explained to USA Today, "At a time when (cable consumers) are screaming for choice, there is none, largely because of consolidation and control of content." Without these tying arrangements, those channels that do not benefit from a corporate parent (like the Black Family Channel) will be able to attract viewers on a more equal footing. In addition, I also think the Commission

should reexamine the cable leased access rules to better encourage independent programmers.

We are also taking steps to ensure great access of independent programming in the context of getting carried on cable. We are also looking at reforming our leased access and program carriage rules to make it easier for independent voices to get carried on cable systems.

Now some Commissioners today are going to say that leasing is no substitute for ownership. And they are right -- which is why we need to address the ownership issues that I have proposed as well. However, that does not mean that leasing does not provide an important opportunity for new entrants and independent voices. Indeed, in other contexts those same commissioners have actually advocated such leasing arrangements as a good step for increasing diversity and access by independent voices.

For example, I agree with them that leasing access is a good opportunity for new voices and that we should encourage leasing as a good means of entry for new entrants. And I support reforming our leased access rules to increase diversity. But leasing can be effective in broadcasting as well. Indeed, when we were all in Chicago recently we toured WVON, a radio station that has served as a platform for discussing issues affecting the African American community for years and that has benefited from such unique leasing arrangements.

Finally, the Commission is working to ensure that new entrants are aware of emerging ownership opportunities in the communications industry. In January 2006, Clear Channel Communications sponsored an educational conference presented by the Minority Media and Telecommunications Council, and hosted by the National Association of Broadcasters Education Foundation. This conference helped ensure that minority and women entrepreneurs had access to information necessary to enable them to participate in the acquisition of Clear Channel radio and television assets.

Recently, I sent a letter to the Advisory Committee on Diversity for Communications in the Digital Age requesting its assistance in facilitating such educational outreach in the context of ownership transactions across all of the sectors we regulate. Specifically, I suggested that the Diversity Committee help create similar educational conferences to be conducted by the communications industry whenever a significant ownership transaction is proposed to the Commission. It is my hope that these conferences will serve to encourage and facilitate communications companies that engage in transactions and license transfers to include small businesses, minorities, and women entrepreneurs, and other designated entities during negotiations on assets and properties identified for divestiture.

The FCC needs to be committed to expanding opportunities for entry into media ownership and media programming, as well as other communications services. I believe we are making great progress, but there is much yet to be done. I have high hopes for the

future, and the very existence of conferences like this one are a testament to the growing strength of minority media ownership in America.

Thank you very much, and I look forward to answering your questions during the panel discussion.