

**REMARKS OF FCC COMMISSIONER MICHAEL J. COPPS
FCC EN BANC HEARING AND CONFERENCE ON OVERCOMING
BARRIERS TO COMMUNICATIONS FINANCING
NEW YORK, NEW YORK, JULY 29, 2008**

Thank you all for coming and thank you to the good folks who made the Schomburg Center available to us this afternoon—it's a really terrific venue for this hearing. I'll keep my opening remarks brief because we have a jam-packed schedule, sterling panelists, an equally sterling audience, and we all want to hear creative ideas on how to bring folks together to actually do something about the shameful state of minority ownership in our communications industries. I'll take just a minute to try to frame the discussion by noting two areas where I think my colleagues and I have some agreement and two areas where we may have some differences.

On the positive side, I think we all agree on the overarching goal of supporting more minority and female ownership among the communications industries we regulate—media, of course, and telecommunications more generally. So the question is not whether to encourage more ownership—at least I *hope* that's never the question!—but how to encourage it and by using what combination of private and public resources. Second, I think we all recognize that access to capital is a huge barrier to entry and that we need to find ways to bring aspiring entrepreneurs together with meaningful capital. So I'm looking forward to learning a lot more today about why those barriers exist and what options might be available to tear them down.

That's a pretty good start, but let me turn to a couple of serious fault-lines that arguably exist among us, not just at the Commission, but more generally, too. The real San Andreas Fault may be our differences over the impact of media consolidation on minority and female ownership. Commissioner Adelstein and I have talked about this many, many times. The issues of consolidated ownership and the plunging indices of minority ownership are two sides of the same coin. Let's tell it like it is—the tsunami of media consolidation this country has been through over the past decade and more has been bad—very bad—for minority and female ownership. So many credible experts who have looked at the impact of media consolidation on minority media ownership patterns—from the FCC and NTIA at the end of the Clinton Administration to GAO, from think tanks and scholars of the industry—not to mention Congress and the courts—have called our attention to the significant negative impact of increased consolidation on minority and female ownership. Free Press represented the views of many Americans when, last fall, it released a study concluding that the best way to increase minority and female ownership would be to roll back media consolidation.

But as we all know, the Commission has taken a very different approach, actually pushing for *more* media consolidation rather than attempting to stem the tide. Commissioner Adelstein and I have both dissented to that approach, most recently last December. We believe that if media consolidation is driving down the numbers of minority and female owners, giving the green light to more consolidation is exactly the wrong thing to do. When we live in a nation that is approaching one-third minority

population, the fact that people of color own three percent of full-power commercial television stations indicates that something is seriously askew—economically, socially and, I hazard, morally.

The second area where I see differences is on what kinds of remedies—in addition to addressing consolidation—can be developed to remedy the problem. Let me be very clear here. ***I believe it is absolutely essential that we work toward race-conscious remedies if we are serious about reversing the sad state of minority ownership.*** I also believe that we missed a real opportunity last December when the majority refused to adopt a definition of “eligible entity” any more targeted than the “small business” definition that many minority advocates said would do no good at all. At a minimum, while we work on crafting a race-conscious definition along the lines I have mentioned, we should be implementing ***now*** a “full-file review” process used by number of institutions across the country. In the absence of such action, we are left with a situation wherein most of whatever new initiatives we may adopt—and we have adopted some—will generally end up benefiting companies run by white men.

As always, the excuse is that we lack an adequate record to do more. But if we lack the data, maybe we should look inward to understand why. We have had years to gather new data and to update old studies. Why haven’t we commissioned these studies? And if we finally realized in December that we didn’t have an adequate record on which to base new initiatives, what have we done since? Yes, we solicited comments during this period, but couldn’t we already have cleaned up some of the data problems that GAO took us to task for? Have we launched *Adarand* studies to justify a more targeted approach? You needn’t answer—these are rhetorical questions. We just haven’t gotten off the dime the way we need to if we are going to be really serious about impacting a cancer of this lethality.

Which brings me back to the hearing today. This “access to capital” conference was something promised in the FCC Order adopted last December. As I said before, I’m looking forward to an extremely constructive and informative program today. And I am impressed at the caliber of persons who have come here from both the potential investor and the potential minority owner sides of the equation. This is encouraging, and what you do here today can make a difference. We can give the lie right now to some who may think this is just a “box-checking” exercise and prove instead that it is the start of something that actually works. This meeting can be either little noted or long remembered. Holding the conference is good, but change is hard. So hard. It took us decades to get ourselves into this mess. It will take more than an afternoon to get ourselves out of it, but this afternoon could start us down the road.

So let’s not treat this conference as the fulfillment of a promise but rather as a springboard to action. We’ve got a lot of work to do—at the FCC, in Congress, and in the private sector. Let’s clean up our data, launch whatever *Adarand* studies are needed, and put in place a workable definition of eligible entities for those incentives that already exist. Then let’s come up with new incentives—based on some real strategy and a real national commitment to right the wrongs that so palpably endure. Let’s work for

restoration of the tax certificate. Let's fix our EEO program where we walk so cautiously and so ineffectively. Let's make sure our new ban on discrimination is closely monitored by an enforcement team with the charge and the resources to make certain it actually puts an end to discrimination. And, back to right now, let's really try to increase the availability of capital to minority and female entrepreneurs who are waiting to build new businesses and who, by doing so, will advance not just minority interests, but the interests of all Americans—the public interest.

We can get these things done if we really commit to it. I'm proud to be working with all of you as part of this great effort. Thank you.