

**SEPARATE STATEMENT OF
COMMISSIONER JONATHAN S. ADELSTEIN
Approving in Part, Dissenting in Part**

Re: Section 257 Triennial Report to Congress

This Triennial Report requires the Commission to identify and report to Congress on how it eliminated market entry barriers for entrepreneurs and other small businesses. The purpose of our exercise is clear from the statute – to promote the policies and purposes of the Communications Act “favoring diversity of media voices, vigorous economic competition, technological advancement, and the promotion of the public interest, convenience, and necessity.”

I share a strong commitment to these Congressional goals. Entrepreneurs and small businesses play a crucial role in communications industries, from providing service in rural and underserved areas, to encouraging innovation and niche operations, to bringing a unique and diverse voice to the public airwaves, and countless other examples.

I support most of the Report and the legislative recommendations. I commend the Bureaus involved for the dedication to small business interests evidenced in the actions and legislative proposals described in the Report. In particular, a tax incentive program benefiting small communications businesses, including disadvantaged firms and those owned by women or minorities, could help create greatly-needed diversity of ownership in the media and other communications industries. Yet, there is more that we can do on the regulatory front, and I challenge the Bureaus to stay vigilant in identifying and eliminating market entry barriers.

I dissent, however, to any suggestion that the Commission’s new broadcast ownership rules will promote “diversity of media voices” or eliminate market entry barriers for entrepreneurs and other small businesses. I believe they will have the opposite effect. Entrepreneurs and small businesses, as well as the general public, are in no way better served by slashing media ownership protections and thereby allowing fewer media companies to control what Americans see, hear and read.

A license to use the public airwaves means the ability to promote the ideas, news, culture, and language of the owner’s choosing. Unfortunately, females and minorities historically have been, and continue to be, underrepresented in media ownership. As reported by NTIA, in 2000, minority broadcasters owned a mere 4 percent of the nation’s commercial radio stations and 1.9 percent of the nation’s commercial television stations – the lowest level of minority television ownership since the tracking of such data began in 1990. Minority ownership of broadcast stations has fallen by 14 percent since 1997.

The June 2003 Biennial Regulatory Review of Broadcast Ownership Rules will only exacerbate this worrisome trend. The new rules allow a massive increase in consolidation which will raise the already high entry barriers for smaller market participants or new entrants in the media industry. Small or single-station entrants will find themselves increasingly competing with large, consolidated group owners. In more concentrated and more expensive media markets, entrepreneurs will face even more difficulties raising capital, owning outlets, or having their unique voices heard.

Today’s Report describes new transferability procedures that, in my view, are too little and too late. The transfer of entire grandfathered clusters to small entities will rarely, if ever, happen. If they ever come on the market at all, small businesses may have difficulty raising the capital needed to buy the expensive, large clusters rather than single stations or smaller clusters. Even under the new procedures, the small business can flip the grandfathered cluster to any large radio or media conglomerate after only three years, leaving little protection against a front company buying a cluster and later selling it to further

increase the bulk of well-capitalized radio giants. So these new procedures in no way offset the damage to new entrants caused by the overall slashing of media ownership protections.

I hope that I am proven wrong. Nevertheless, no entrepreneur or small business should take comfort that this transferability exception will come anywhere close to counteracting the damage done by loosening the media ownership protections.