The Fallout From the Telecommunications Act of 1996:

Unintended Consequences and Lessons Learned

COMMON CAUSE
Holding Power Accountable

A special report prepared by:
Common Cause Education Fund
1250 Connecticut Ave, NW Suite 600
Washington DC 20036
T 202.833.1200 F 202.659.3716
www.commoncause.org

May 9, 2005

ACKNOWLEDGEMENTS

This report was written and researched by Celia Viggo Wexler, and edited by Mary Boyle. Matt Shaffer collected and analyzed the federal campaign finance and lobbying data for this report from records compiled by the Federal Election Commission and Secretary of the Senate, respectively. Mark Cooper, director of research for the Consumer Federation of America, was an invaluable guide and resource for this report.

ABOUT COMMON CAUSE EDUCATION FUND

Established by Common Cause in February 2000 as a separately chartered (501)(c) (3) organization, the Common Cause Education Fund (CCEF) seeks to promote open, honest and accountable government through research, public education and innovative programs.

EXECUTIVE SUMMARY

This study tells the story of the Telecommunications Act of 1996 and its aftermath. In many ways, the Telecom Act failed to serve the public and did not deliver on its promise of more competition, more diversity, lower prices, more jobs and a booming economy.

Instead, the public got more media concentration, less diversity, and higher prices.

Over 10 years, the legislation was supposed to save consumers $550 billion, including $333 billion in lower long-distance rates, $32 billion in lower local phone rates, and $78 billion in lower cable bills. But cable rates have surged by about 50 percent, and local phone rates went up more than 20 percent.

Industries supporting the new legislation predicted it would add 1.5 million jobs and boost the economy by $2 trillion. By 2003, however, telecommunications' companies' market value had *fallen* by about $2 trillion, and they had shed half a million jobs.

And study after study has documented that profit-driven media conglomerates are investing less in news and information, and that local news in particular is failing to provide viewers with the information they need to participate in their democracy

Why did this happen? In some cases, industries agreed to the terms of the Act and then went to court to block them. By leaving regulatory discretion to the Federal Communications Commission, the Act gave the FCC the power to issue rules that often sabotaged the intent of Congress. Control of the House passed from Democrats to Republicans, more sympathetic to corporate arguments for deregulation. And while corporate special interests all had a seat at the table when this bill was being negotiated, the public did not. Nor were average citizens even aware of this legislation's great impact on how they got their entertainment and information, and whether it would foster or discourage diversity of viewpoints and a marketplace of ideas, crucial to democratic discourse.

Now, as Congress once again takes up major legislation to change telecommunications policy, and as it revisits the Telecom Act, major industries have had nearly a decade to reinforce their relationships with lawmakers and the Administration through political donations and lobbying:

- Since 1997, just eight of the country's largest and most powerful media and telecommunications companies, their corporate parents, and three of their trade groups, have spent more than $400 million on political contributions and lobbying in Washington, according to a Common Cause analysis of federal records.

- Verizon Communications, SBC Communications Inc., AOL Time Warner, General Electric Co./NBC, News Corp./Fox, Viacom Inc./CBS, Comcast Corp., Walt Disney Co./ABC, and the National Association of Broadcasters, the National Cable & Telecommunications Association, and the United States Telecom Association together gave nearly $45 million in federal political donations since 1997. Of that total, $17.8 million went to Democrats and $26.9 million went to Republicans.

- These eight companies and three trade associations also spent more than $358 million on lobbying in Washington, since 1998, when lobbying expenditures were first required to be disclosed.

All this investment once again gives radio and television broadcasters, telephone companies, long-distance providers, cable systems and Internet companies a huge advantage over average citizens.

While these corporations have different, and sometimes opposing views on individual provisions of a new Telecom Act, their overriding desire is for less federal regulation. A new Telecommunications Act could be written "in a matter of months, not years," and be a "very short bill," focused on an almost complete deregulation of the telecommunications industry, said F. Duane Ackerman, chairman and CEO of BellSouth Corporation. "The basic issue before the Congress is simple," Ackerman said. "Can competition do a better job than traditional utility regulation?"

SOFT MONEY AND PAC DONATIONS FROM SELECT TELECOMMUNICATIONS AND BROADCASTING INTERESTS TO NATIONAL PARTIES AND FEDERAL CANDIDATES 1997-2004

DONOR	DEMOCRATIC	REPUBLICAN	OTHER	TOTAL
Verizon Communications	$2,960,619	$6,378,916	$10.000	$9.349.535
SBC Communications Inc	$3,746,222	$5,225,235	$2,500	$8,973,957
AOL Time Warner	$2,893,615	$2,709,777	$0	$5.603.392
General Electric Co/ NBC	$1,845,580	$2,987,015	$4,000	$4,836,595
Walt Disney Co/ ABC	$2,282,058	$1,631,213	$0	$3.913.271
NCTA	$1,286,570	$1,996,223	$0	$3.282.793
NAB	S874,183	$1,835,340	$0	$2,709,523
News Corp/ FOX	S473,157	$1,672,857	$0	$2.146.014
Viacom Inc/CBS	S547,963	$924,632	$0	$1.472.595
Comcast Corp	S566,650	$778,875	$0	$1.345.525
USTA	S317,214	$788,509	$0	$1.105.723
Total	**$17,793,831**	**S26,928,592**	**S16,500**	**$44,738.923**

Soft money donations to national political parties include donations through 2002, when they were banned by the Bipartisan Campaign Reform Act. Totals include donations from executives and/or affiliates.

FEDERAL LOBBYING EXPENDITURES BY SELECT TELECOMMUNICATIONS AND BROADCASTING INTERESTS FROM JANUARY 1998 TO JUNE 2004

YEAR	1998	1999	2000	2001	2002	2003	2004
General Electric Co/NBC	$7,280,000	S7,934,024	S16,020,000	S15,430,000	S13,020,000	S17,200,000	$8,440,000
Viacom Inc/CBS	$1,000,000	S1,000,000	$1,000,000	$1,000,000	$1,000,000	S1,250,000	$700,000
News Corp/FOX	$1,460,000	S1,180,000	$1,740,000	$2,300,000	$2,560,000	S2,840,000	$1,320,000
Walt Disney Co/ABC	$1,538,800	S3,300,000	$3,860,000	$4,600,000	$3,820,000	S3,960,000	$2,020,000
AOL Time Warner	$4,020,000	S4,360,000	$4,820,000	$3,500,000	$3,100,000	S4,100,000	$2,080,000
SBC Communications Inc	$5,280,000	S9,440,000	$7,208,000	$7,003,395	$6,341,334	S5,204,064	$5,692,350
Verizon Communications	S21,260,000	$4,880,000	$6,360,000	$6,660,000	$6,460,000	S7,060,000	$3,020,000
Comcast Corp	$440,000	S480,000	S620,000	$810,000	$2,480,000	S2,400,000	$1,620,000
NAB	$5,200,000	S4,900,000	$5,200,000	$5,940,000	$7,120,000	S7,440,000	$3,560,000
NCTA	$4,800,000	S3,160,000	$5,920,000	$6,040,000	$4,220,000	S5,040,000	$3,540,000
USTA	$1,320,000	S1,720,000	$1,740,000	$2,000,000	$2,160,000	S7,720,000	$4,680,000
Total	**S53,598,800**	**$42,354,024**	**S54,488,000**	**S55,283,395**	**S52,281,334**	**$64,214,064**	**S36,672,350**

But before Congress listens to this call for less regulation, it is important to understand the changes Telecommunications Act of 1996 put into motion, and how those changes drastically redrew the media landscape, often to the detriment of the public.

The Telecommunications Act of 1996:

- Lifted the limit on how many radio stations one company could own. The cap had been set at 40 stations. It made possible the creation of radio giants like Clear Channel, with more than 1,200 stations, and led to a substantial drop in the number of minority station owners, homogenization of play lists, and less local news.

- Lifted from 12 the number of local TV stations any one corporation could own, and expanded the limit on audience reach. One company had been allowed to own stations that reached up to a quarter of U.S. TV households. The Act raised that national cap to 35 percent. These changes spurred huge media mergers and greatly increased media concentration. Together, just five companies – Viacom, the parent of CBS, Disney, owner of ABC, News Corp, NBC and AOL, owner of Time Warner, now control 75 percent of all prime-time viewing.

- The Act deregulated cable rates. Between 1996 and 2003, those rates have skyrocketed, increasing by nearly 50 percent.

- The Act permitted the FCC to ease cable-broadcast cross-ownership rules. As cable systems increased the number of channels, the broadcast networks aggressively expanded their ownership of cable networks with the largest audiences. Ninety percent of the top 50 cable stations are owned by the same parent companies that own the broadcast networks, challenging the notion that cable is any real source of competition.

- The Act gave broadcasters, for free, valuable digital TV licenses that could have brought in up to $70 billion to the federal treasury if they had been auctioned off. Broadcasters, who claimed they deserved these free licenses because they serve the public, have largely ignored their public interest obligations, failing to provide substantive local news and public affairs reporting and coverage of congressional, local and state elections.

- The Act reduced broadcasters' accountability to the public by extending the term of a broadcast license from five to eight years, and made it more difficult for citizens to challenge those license renewals.

"Those who advocated the Telecommunications Act of 1996 promised more competition and diversity, but the opposite happened," said Common Cause President Chellie Pingree. "Citizens, excluded from the process when the Act was negotiated in Congress, must have a seat at the table as Congress proposes to revisit this law."

INTRODUCTION

Nearly 10 years ago, with little attention from the public, Congress passed the Telecommunications Act of 1996. It was supposed to produce more competition, more diversity of viewpoints, lower prices for consumers, and more wealth and jobs for the economy.

Instead, the public got more media concentration, less diversity, and higher prices.

Over 10 years, the legislation was supposed to save consumers $550 billion, including $333 billion in lower long-distance rates, $32 billion in lower local phone rates, and $78 billion in lower cable bills.[1] But cable rates have surged by about 50 percent, and local phone rates went up more than 20 percent.[2]

Industries supporting the new legislation predicted it would add 1.5 million jobs and boost the economy by $2 trillion. By 2003, however, telecommunications' companies' market value had *fallen* by about $2 trillion, and they had shed half a million jobs.

And study after study has documented that profit-driven media conglomerates are investing less in news and information, and that local news in particular is failing to provide viewers with the information they need to participate in their democracy.

How the Telecommunications Act of 1996 got passed, and its unexpected consequences, offer vivid lessons in what happens when public policy is made largely without either informing or consulting the public, and when big corporations, spending millions on political contributions and lobbying in Washington,[3] get to skew the policy debate and make promises they do not intend to keep. The story of the Telecom Act also demonstrates what can happen when a federal agency—the Federal Communications Commission—is permitted to issue rules that flout what Congress intended.

Now, as Congress is about to pass crucial legislation affecting the nation's telecommunications policy, and as it prepares to revise the Telecommunications Act of 1996, special interests once again are mounting a campaign to get their priorities into the law. They retain the advantages that wealth and power always give in the political process.

Since 1997, just eight of the country's largest and most powerful media and telecommunications companies, their corporate parents, and three of their trade groups, have spent more than $400 million on political contributions and lobbying in Washington, according to a Common Cause analysis of federal records. Verizon Communications, SBC Communications Inc., AOL Time Warner, General Electric Co./NBC, News Corp./Fox, Viacom Inc./CBS, Comcast Corp., Walt Disney Co./ABC, and the National Association of Broadcasters (NAB), the National Cable & Telecommunications Association, and the United States Telecom Association together gave nearly $45 million in federal political donations since 1997. These eight companies and three trade associations also spent more than $358 million on lobbying in Washington, since 1998, when lobbying expenditures were first required to be disclosed.

As if this investment in Washington weren't enough, many industry heavyweights now are forming coalitions to press their agenda, once again promising economic growth and thousands of new jobs if they prevail in Congress. The TeleCONSENSUS Coalition brings together the Regional Bell Operating Companies, the cable industry, the National Association of Manufacturers and the Electronic Industries Association, in an effort to sweep away most government regulation.[4]

A new Telecommunications Act could be written "in a matter of months, not years," and it can be a "very short bill," focused on an almost complete deregulation of the telecommunications industry, said F. Duane Ackerman, chairman and CEO of BellSouth Corporation. "The basic issue before the Congress is simple," Ackerman said. "Can competition do a better job than traditional utility regulation?"[5]

It is vitally important that history does not repeat itself, said Common Cause President and CEO Chellie Pingree. "Any revisions to telecommunications law will make a big difference in the lives of all Americans. We want to be sure that new technology will be available to everyone and that TV, radio and the Internet offer citizens the information and diverse viewpoints they need to participate in their democracy. Big media can't be allowed to get bigger. This time around, the public must have a seat at the table, and Congress must be much more wary of industry promises and arguments."

> ***"[I]t is a great day. It will be competition. It will give the American consumer greater choice. ... It is the greatest jobs bill we are likely to pass in this decade.***
>
> **— Rep. Thomas Bliley, (R-VA), chair of the House Energy and Commerce Committee February 1, 1996** [6]

Nearly a decade ago, Congress passed the Telecommunications Act of 1996 by huge bipartisan margins—by a vote of 91 to 5 in the Senate and 414 to 16 in House.[7] The bill was hailed as "the most deregulatory telecommunications legislation in history."[8] Even President Bill Clinton, who had threatened to veto an earlier version of the bill, had become a true believer. Signing the Act into law at a glitzy ceremony in the Library of Congress, Clinton predicted that "consumers will receive the benefits of lower prices, better quality and greater choices in their telephone and cable services, and they will continue to benefit from a diversity of voices and viewpoints in radio, television and print media."[9]

This was a law that would make a big difference in the lives of all Americans, but it was a law that did not involve average citizens. The journalists who cover the news and work for these special interests did not write about the legislation in terms of its impact on the public. As media scholar Robert McChesney observed: "The Telecommunications Act was covered (rather extensively) as a business story, not a public policy story." The lack of public debate surprised even veteran Washington insiders, McChesney noted, quoting one lobbyist: "I have never seen anything like the Telecommunications Bill. The silence of public debate is deafening. A bill with such astonishing impact on all of us is not even being discussed."[10]

The Act largely reflected the priorities of special interests—local phone companies, long-distance providers, and cable and broadcast corporations. While these special interests disagreed among themselves, they all wanted Congress to rewrite the rules to allow them more flexibility to get into each other's businesses, and they wanted less regulation. In return, they promised more diversity, more choices, lower prices, more jobs and a thriving economy.

The Telecommunication Act's historic legacy of deregulation certainly has come true. But all the other rosy predictions about the legislation—that it would usher in not only new competition bringing innovation and lower prices to consumers, but also diversity and more meaningful sources of information for citizens—have largely proved illusory.

Over ten years, the legislation was supposed to save consumers $550 billion, including $333 billion in lower long-distance rates, $32 billion in lower local phone rates, and $78 billion in lower cable bills.[11] But most of those savings never materialized. Indeed, Sen. John McCain (R-AZ), who opposed the legislation, noted in 2003: "From January 1996 to the present, the consumer price index has risen 17.4 percent ... Cable rates are up 47.2 percent. Local phone rates are up 23.2 percent."[12]

The rosy predictions that passage of the Telecom Act would create 1.4 million jobs and increase the nation's Gross Domestic Product by as much as $2 trillion also proved false.[13] Indeed, in 2003, elected officials were referring to a $2 trillion dollar loss in the marketplace value of companies in the telecommunications sector, and a loss of 500,000 jobs between 2001 and 2003.[14] The losses had a lot to do with the corporate malfeasance at MCI WorldCom, and other corporate meltdowns and their repercussions, which were stimulated in part by the speculative frenzy and conflicts of interest spurred by the passage of the Telecom Act. They also resulted from the failure of new companies that raised hundreds of billions of dollars to enter the local telephone business, but were stymied by the refusal of the baby Bells to open their local markets. On all counts, deregulation failed to be an economic boon.

But the most damaging impact has been to democracy, as citizens confront a media universe that has become less and less diverse and offers them fewer real choices. This universe is dominated by a handful of giant corporations that own radio and TV stations, newspapers, cable systems, movie studios, and concert venues.

The Act prompted a wave of media mergers, reducing the number of diverse voices in radio and television. The creation of radio monoliths such as Clear Channel Communications has driven out minority radio station owners, and has made it more and more difficult for new artists to get airtime on commercial radio. It also has meant that in many communities throughout the country, only a small number of radio stations are locally owned. Not able to compete with huge corporations, minority owners in many communities have been driven out of business.

Obeisance to the bottom line has meant that local TV stations, increasingly owned by out-of-town corporations, are producing less local news or none at all. And network news staffs also have been shrinking. As the Project for Excellence in Journalism noted in 2004: "Most sectors of the media are cutting back in the newsroom, both in terms of staff and the time they have to gather and report the news ...journalists face real pressures trying to maintain quality."[15]

The law extended the terms of broadcasters' TV licenses, and made it much more difficult for those licenses to be revoked, making broadcasters far less accountable to the viewers they serve, and much more concerned about the shareholders who want to see them as profitable as possible.

> ***"[W]e heard from the industries involved in this bill. ...We have heard from the lobbyists that the industries have hired. ...We have heard from the consultants that the lobbyists have hired. ...We have heard from the law firms. ...What did you hear from the consumers? Oh, them? Well, what did you hear from the citizens?***
>
> — **Rep. John Conyers (D-MI)**
> **February 1, 1996[17]**

Nearly a decade after its passage, most Americans are not benefiting from innovations such as high definition and digital television. And the United States finds itself lagging behind the rest of the developed world in the deployment of broadband access to the Internet.[16]

How did the Telecommunications Act of 1996 turn out this way? A public largely uninformed about the legislation, combined with the intense lobbying of telecommunications interests both contributed. Many elected officials of both parties also believed that the public interest would be served by the competition they expected from the revamped law. But as soon as it passed, the same special interests that had applauded the law went to court to dismantle the provisions they did not like, and appealed to Congress and the Federal Communications Commission to relax the rules even more. A former Clinton Administration official close to the negotiations on the 1996 law said that the goal was to strike a balance between the needs of media and telecommunications companies and the public interest. "But the lesson we learned was that you have to lean more on the side of the public interest because the companies will push back after the law is passed in the courts and in Congress. You've got to err on the side of the public."

And while the Telecommunications Act had bipartisan support, its final provisions reflected the shift in power in the 1994 elections, which brought Republican control of the House and Senate, championing a vigorous deregulatory agenda. As *Congressional Quarterly* noted shortly after the bill's passage: "There are numerous provisions that the Democratic-controlled 103rd Congress never would have countenanced, such as the ones lifting price controls on cable television systems and allowing radio broadcasters to own an unlimited number of radio stations across the country."[18]

Indeed, when under Democratic control in 1994, the House passed a telecommunication reform bill by huge margins that did not include those provisions that have vastly increased media concentration. That bill, spearheaded by Representatives Ed Markey (D-MA) and Jack Fields (R-TX) was approved by a vote of 423 to 4 in the House.[19]

In the Senate, Commerce Chair Fritz Hollings (D-SC) and Sen. John Danforth (R-MO) proposed similar legislation. 20 That legislation, however, never was voted on in that chamber, largely due to the opposition of Minority Leader Bob Dole (R-KS). Rep. Markey charged that his bill had been killed in the Senate by a few powerful telephone companies, "which enjoy their monopolies, and refuse to give up their comfortable position to compete in the marketplace."[21]

The following year, Republicans gained control of the House after being in the minority for 40 years. Under the leadership of Speaker Rep. Newt Gingrich (R-GA), House Republicans took up telecom reform, and shaped it along much more deregulatory lines. Gingrich and other Republican deregulation champions warmly received broadcast lobbyists, according to the *New York Times*, which reported that News Corp.'s Rupert Murdoch, ABC, CBS and NBC all were actively lobbying to lift national broadcast ownership limits.[22]

The 1995 House version of the Telecom Act proposed to eliminate the ban on newspapers owning TV stations in the same market, immediately lift price regulations for cable systems with fewer than 600,000 subscribers, and permit one company to own two TV stations and an unlimited number of radio stations in the same market.

Rep. Fields (R-TX), chair of the House Commerce Committee's telecommunications subcommittee, boasted that the Clinton Administration concerns about this sweeping deregulation would cave in the face of Republican strength. "They're bluffing," Fields told the *Times* in 1995.[23]

So in that context, the 1996 bill could have been far worse. President Bill Clinton's veto threat of the original House and Senate proposals, combined with the efforts of key House and Senate Democrats, resulted in the addition of amendments and concessions in a House-Senate conference committee that blunted the bill's deregulatory sweep.[24] White House opposition forced Congress to revise the bill to strengthen federal oversight of media mergers.[25]

The law also preserved a universal service fund, due largely to the efforts of Senators Olympia Snowe (R-ME) and Jay Rockefeller (D-WV). The fund subsidizes telecommunications access for rural communities, low-income families, and Internet connections for schools and libraries.[26][27] Rep. Markey was the father of the mandate that new TV sets be equipped with a V-chip to help parents block unsuitable programs from their children's viewing.[28]

Nevertheless, special interests managed to prevail in a big way, benefiting from the legislative process and from a largely uninformed American public. And consumer groups' warnings now seem prescient. As the Consumer Federation of America predicted in 1996: "Instead of promoting head-to-head competition between cable, telephone, and other communications companies, the bill allows mergers and corporate combinations that will drive up cable rates and undercut competition."[29]

RADIO LIMITS LIFTED

Without any congressional hearings or debate, the Telecom Act lifted the national cap on radio ownership, ushering what Salon.com characterized as "the kind of sweeping deregulation that most broadcasters hadn't even fantasized about two years earlier."[30]

The sneak attack on radio resulted from two causes, according to Salon: Radio wasn't doing much news reporting or public affairs, so politicians discounted its importance, and the National Association of Broadcasters deliberately worked in the shadows on radio deregulation. As one media insider put it: "The NAB knew to lay low."[31] And there were other factors at play. Radio was loosing money, and it was believed that consolidation would boost the industry's profitability, noted one FCC insider. But what was envisioned was a number of companies, each owning about 200 stations, not the behemoths on the scale of a Clear Channel.[32]

What the Act did: The Act eliminated entirely the national ownership cap on commercial radio stations, which had been set at 40 stations. The new law also permitted one company to own as many as eight stations in the nation's largest local markets, up from a local limit of four stations per market.[33]

What happened: The Act threw open the floodgates for concentration of radio. Indeed, the first week after the act became law, about $700 million worth of buying and selling took place. A radio trade publication's headline said it all, "Let the deals begin!"[34]

Deregulation did not increase competition; it drastically shrunk it. Indeed, by 2001, the number of radio station owners had dropped about 25 percent, from 5,100 in 1996 to 3,800 owners. And the FCC found that the number of stations in a market dropped, from more than 13 to less than 10. An estimated 10,000 radio employees lost their jobs.[35]

The concentration of media ownership into the hands of a few big companies also has hurt diversity on commercial radio. A study done by the Future of Music Coalition in 2002 documented the sweeping changes that deregulation of radio had produced:

- Ten companies dominate two-thirds of the radio audience, with just two companies, Clear Channel and Viacom, owner of Infinity Broadcasting, controlling 42 percent of listeners and 45 percent of the radio industry revenues.

- Nearly all radio markets are dominated by just four radio companies, controlling at least 70 percent of the radio audience, with concentration even greater in smaller markets.[36]

- Even fewer companies control the amount and source of news the radio listeners hear. Just four companies control what commercial radio listeners hear on news format stations.[37]

Radio news also is shrinking substantially. Between 1994 and 2001, the number of full-time radio newsroom staff shrank by 44 percent, and part-time news staff by more than two-thirds, 71 percent.[38]

"Prior to the '96 Telecommunications Act, the top radio station group owned 39 radio stations," Sen. Byron Dorgan (D-ND) noted in 2003. "Now the top group owns 1,100 stations. In my small state of North Dakota, the four largest cities have 31 commercial stations. One company owns 13 of them, including all six commercial stations in one city." National signs, Dorgan added, were "much more ominous. ... [W]e're headed in exactly the wrong direction." [39]

The radio behemoth Sen. Dorgan referred to was Clear Channel Communications. Clear Channel currently owns more than 1,200 stations, reaching 100 million listeners daily, and 39 TV stations. According to a recent study commissioned by the AFL-CIO, in terms of the number of stations owned, Clear Channel is five times bigger than its closest competitor. It also is the nation's concert promoter. In 2002 alone, Clear Channel sold 30 million tickets. Clear Channel also owns 44 amphitheaters, and 51 theaters across the United States, and that doesn't count its ownership of various clubs and arenas.[40]

Sen. Russell Feingold (D-WI) noted in 2003 that so much consolidation in the radio industry had some direct impact on consumer pocketbooks. Since the Telecom Act was passed, Feingold noted, "ticket prices went through the roof." [41] Clear Channel's enormous reach has had a serious impact on local ownership of radio stations, and on minority owners in particular.

Minority broadcaster Robert Short, Jr. said that his Syracuse, New York station, WRDS, known for community outreach, was driven out of business when Clear Channel came to town. Clear Channel converted a country station to a format that competed with WRDS, and offered businesses package deals on advertising on several Clear Channel stations in his market. "Clear Channel touts itself as the largest programmer to minority stations," Short testified before the Senate Commerce Committee in 2003. "However it has achieved this position by driving small minority and local broadcasters out of the business."

Since the 1996 Telecommunications Act was passed, minority ownership of radio stations has declined by 14 percent, according to the National Association of Black Owned Broadcasters.[42]

What happened to radio could be a foretaste of things to come, noted FCC Commissioner Jonathan Adelstein, who called radio "a very sick canary in the coal mine. ... By ignoring this history, we may be destined to repeat it." [43]

CABLE TELEVISION

Congress had tried deregulating cable television in the mid-1980s, only to witness huge price increases. As a consequence, Congress re-regulated cable in 1992, saving families an estimated $3 billion. Three years later, Congress believed the marketplace would substitute for rate regulation. As then-Rep.Scott Klug (R-WI) pointed out: "[I]f you hate your local cable company, you will have other cable companies to pick from, and you will have more options in broadcasting, more options in satellite."[44] Congress also put its money on the notion that telephone companies would be eager to challenge cable by offering programs through open video systems. That did not happen. [45]

What the Act Did: The Act lifted all regulation on rates for non-basic cable service, effective immediately for most small cable systems, and for all cable companies by 1999.[46] It permitted the FCC to relax bans on broadcast-cable cross-ownership and telephone-cable cross ownership,[47] and restricted local cable franchising authorities from making certain demands of cable companies.[48]

What Happened: Cable rates again spiraled upward, by more than 40 percent, or more than two and a half times the rate of inflation.[49] Competition proved to be a myth. Roughly 98 percent of the households with access to cable are served by only one cable company. [50] And even when you factor in satellite television, cable dominates local markets, with about an 85 percent share of the audience. [51] Cable companies have made their basic service package bigger, thus letting them charge more and more for that basic package of channels. [52]

As cable systems increased the number of channels, the major broadcasters, CBS, ABC and Fox aggressively expanded their ownership of cable networks that drew substantial audiences. NBC got into the game later, by buying Universal with its cable programs and production facilities.

All of the cable news networks, including CNN, CNN Headline news, Fox, MSNBC, and CNBC—are owned by just three media giants—Time Warner, GE and News Corp.[53] Ted Turner, founder of Cable News Network, has contended that "the 'competitive presence of cable' is a mirage. ... Ninety percent of the top 50 cable TV stations are owned by the same parent companies that own the broadcast networks." 54 The remainder are owned by two cable giants, Time Warner and John Malone's Liberty Media. Malone is also a major stockholder of News Corp.

There is even greater consolidation in terms of the companies that provide cable infrastructure. Comcast is the largest provider of cable service in the country, with about 21 million subscribers.[55] Comcast also is the country's largest provider of high-speed Internet, with more than 5 million subscribers.[56] Instead of more voices, observed Sen. Dorgan, what's evolved is "more voices by one ventriloquist."[57]

Cable companies, faced with the potential of digital TV and the opportunity to offer many more channels of programming, have begun to increasingly seek to own their own content. Comcast, for example, attempted to merge with ABC/Disney in 2004 for that reason. Comcast head Brian Roberts pursued Disney contending, ''We have a wonderful opportunity to create a company that combines distribution and content in a way that is far stronger and more valuable than either Disney or Com cast can be standing alone.'' [58]

As cable companies own more and more of their own content, it becomes less and less likely that new cable programming that is not owned by cable companies, will be able to get a foothold on cable systems.

Comcast and Time Warner now are seeking to acquire Adelphia Communications Corporation, and its more than 5 million subscribers,[59] making these media giants even larger and more powerful. Comcast and Time Warner now are the nation's two largest owners of cable systems. Their power over the market for programming is so great that they have a huge influence over which channels and which content survives and thrives in the media marketplace. That power would only be strengthened by their joint acquisition of Adelphia.[60]

Indeed Time Warner head Richard Parsons noted that the acquisition would give Time Warner more leverage when it negotiated prices with cable programmers, and would give more power to Time Warner's cable channels, TNT, TBS and CNN, when they negotiate with cable and satellite operators.[61]

This merger likely will spawn even more consolidation among cable providers, giving just a few cable companies monopolies over larger regions of the country. [62]

BROADCAST TELEVISION

Despite the opposition of 650 local broadcast affiliates, who did not want Congress to expand the reach of corporate ownership of TV stations, the networks won significant ownership deregulation in the Telecom Act. Fighting for them were a couple of skilled lobbyists: Fox's Peggy Binzel, who had close ties to the

House Commerce Chairman Fields, for whom she worked for seven years, and Martin Franks, a CBS executive who had headed up the Democratic Congressional Campaign Committee.[63]

Sen. Dorgan recalled that in 1996, he offered an amendment to keep the national ownership cap at 25 percent. “I won on a recorded vote ... in the afternoon,” he said. “And then a Senator changed his vote in order to allow reconsideration [of the amendment], and then dinner occurred. And apparently three to four Senators had an epiphany over dinner, and changed their votes, and the other side won.”[64]

“To tell you, the only reason I agreed to 35 percent is CBS,” confessed then-Sen. Fritz Hollings. “Westinghouse [which at that time owned CBS] already has 32 percent, and we did not want to have to go backwards. Twenty-five percent is enough.”[65]

What the Act Did: The Act increased the size of the national audience one company could reach from 25 percent of television households to 35 percent, and it lifted entirely the limit on the number of TV stations that any one company could own: That limit had been 12 stations.[66] It also repealed laws that blocked broadcast networks from owning cable systems. It extended the term of a broadcast license from five to eight years, and made it more difficult for citizens to hold broadcasters accountable in the license renewal process.[67]

The law also directed the FCC to conduct a rulemaking to determine whether it should continue its rule preventing one company from owning only one TV station in a market,[68] and directed the FCC to give waivers to permit one company to own two TV stations or a TV station and a radio station in the top 50 markets, provided those markets demonstrated an adequate amount of competition. Under the existing FCC rules at the time, waivers had been restricted to broadcasters in the top 25 markets.[69]

Equally important, the law directed the FCC to re-evaluate its telecommunications regulations every two years, and to “determine whether regulation is no longer necessary in the public interest.” If the FCC makes that determination, it must streamline or eliminate the regulation in question.[70]

Things could have been worse. The original House proposal, offered by Rep. Bliley, proposed a national ownership limit of 50 percent. Rep. Markey offered an amendment, passed by the House, which rolled the limit back to 35 percent.[71] Markey’s amendment, which got the support of 60 Republicans, also reinstated the ban on one company owning both a cable franchise and a TV station in the same market.[72]

What Happened: Lifting ownership limits made media mergers very attractive. A wave of mergers began even before the law was changed, by corporations anticipating rules relaxation. As Congress was considering a telecommunications revamp, Viacom swallowed up Paramount Communications, Westinghouse Corp. acquired CBS,[73] and Rupert Murdoch ingested Twentieth Century Fox, HarperCollins and TV Guide.[74] The day the Telecom Act was signed into law, the FCC gave final approval of Disney’s acquisition of ABC. [75]

After the law was passed, mergers accelerated. *Columbia Journalism Review*, evaluating the impact of the law one year after its passage, listed some of the mega mergers that transpired 12 months into the law’s implementation:

- Westinghouse buys Infinity Broadcasting. (Westinghouse will sell CBS and Infinity[76] to Viacom in 1999 in a $36 billion merger.[77])

- Time Warner merges with Turner Broadcasting, creating the world’s largest media company. (Ultimately that merged company will buy America Online in 2001.)[78]

- News Corp., owned by Rupert Murdoch, takes full ownership of New World Communications Group, and expands its TV station empire to 22 outlets.

- Tribune Company purchases Renaissance Communications, making the newspaper company a force in television with 16 stations.

- A.H. Belo of Dallas buys the Providence Journal Company, and gains 16 TV stations, the Food Network, the *Dallas Morning News*, and the *Providence Journal*.

Those who watch the industry say that all the mergers have brought about a return of a "media oligopoly." Together, just five companies—Viacom, the parent of CBS, Disney, owner of ABC, News Corp, NBC and AOL, owner of Time Warner—now control 75 percent of all prime-time viewing. [79]

Lifting the rules also gave us Sinclair Broadcasting, which bills itself as the largest non-network owner of TV stations throughout the country. Pre-1996, Sinclair owned just 12 stations, the maximum the law then allowed.[80] Since that time, it has acquired 50 more stations. Sinclair often buys a station, and guts its local news operations in favor of centralized pre-packaged news. [81]

The Congressional mandate for the FCC to continue to re-evaluate its rules, combined with some court rulings at the appellate court level, set the stage for the FCC's June 2, 2003 rules that would permit one company to own up to three TV stations, the local newspaper, a cable system and up to eight radio stations in one market, and increased the national cap on broadcast ownership to 45 percent of TV households. (Those rules were thrown out by the U.S. Court of Appeals for the Third Circuit in June 2004, which ruled that the agency must go back to the drawing board and propose new rules and/or better justify the rules changes they approved. [82] However, at the end of 2003, as a provision of a giant omnibus spending bill, Congress quietly approved a national ownership cap of 39 percent, helping both Viacom and News Corp to keep stations that pushed them over the 35 percent limit.)[83]

Media consolidation and vertical integration have real consequences. When News Corp acquired its second TV station in Chicago, it eliminated that station's locally produced shows, and a popular children's program. When Viacom ended up with two stations in Los Angeles, its field reporters carried the logos of both stations—KCAL and KCBS on their microphones, leading one to assume that they were providing essentially the same content to the two outlets. Both these examples came from the *American Journalism Review*, which with *Columbia Journalism Review*, has done the most extensive reporting on the impact of media consolidation, a subject that corporate–owned media shies away from.[84]

THE GIVEAWAY OF THE DIGITAL BROADCAST SPECTRUM

Existing broadcasters already received, for free, licenses that gave them access to the analog spectrum. But now, they wanted more. In the 1990s, the National Association of Broadcasters and the networks extolled the virtues of high definition television, and urged Congress to hand over for free, access to the digital spectrum to make High Definition TV (HDTV) a reality.

In 1996, writing to President Clinton, broadcasters said that HDTV with its "theater quality high definition pictures and CD quality sound" was crucial to the future of free over-the-air TV. "Without digital capability, our country's free over-the-air system will be permanently relegated to a form of technical and competitive inferiority that would undermine greatly the vitality and viability of free television," the broadcasters wrote.

And, they stressed, access to HDTV was really a moral matter. "At a time when we as a country are legitimately concerned about creating information haves and have nots, it makes no sense to deprive the public of the opportunity to receive for free the high quality picture and sound that would otherwise be available only on a subscription basis."[85]

Broadcasters stressed that the economic viability of "free TV" was at risk unless they got possession of digital TV licenses right away.[86] If these digital TV licenses had been auctioned, according to FCC estimates at the time, they would have been worth as much as $70 billion.[87]

Some in Congress bemoaned this huge giveaway to broadcasters. Senator Dole called it "the biggest giveaway of the century. Here we are, trying to balance the budget, cutting welfare, cutting other programs, and about to give a big handout here to the rich, the powerful."[88]

But by and large, the Congress bought the broadcasters' arguments. So in the telecom legislation, Congress did not give the FCC the authority to auction off access to the digital spectrum. Congress promised to put off deciding about spectrum auctions after it vetted the issue more thoroughly with hearings, and more debate.[89] But that vetting never took place. Sen. Dole, the critic of the spectrum giveaway, stepped down as majority leader to run for President. His replacement, Senator Trent Lott (R-MS), had been a strong ally of the NAB. Later that year, key members of Congress of both parties sent a letter to the FCC stipulating that the agency should move as quickly as possible to give digital TV licenses to existing broadcasters. [90]

What Happened: The ink was barely dry on the Telecom Act when broadcasters started changing their tune, downplaying the importance of HDTV, and talking more about their ability to use digital spectrum to broadcast several channels of programming in the same space they could broadcast just one analog channel. The vision of spectacular pictures and sound for the American public was replaced by discussions of many more revenue streams of programming and data transmission, including paid programming.

Broadcasters had agreed to give back the analog spectrum as a condition for receiving the digital spectrum. But a year after the Telecom Act was signed into law, broadcasters started backing away from that promise. In budget and tax legislation enacted in 1997, broadcasters eviscerated an FCC rule that would have required them to give back their analog spectrum at the end of 2006. Instead, broadcasters got legislative language stating that broadcasters may keep the analog spectrum until 85 percent of viewers in their markets are receiving digital signals.[91] Broadcasters continue to resist the giveback of the analog spectrum even in a post 9-11 world, when emergency responders are asking for more bandwidth for public safety purposes.[92]

And broadcasters, who extolled the country's need for high-quality free over-the-air TV, have found ways to make lowest-common-denominator reality TV shows, to shrink their news staffs, and to resist any requirements that they serve the public interest in specific ways.

Studies of broadcasters' public affairs and news programming done since passage of the Telecommunications Act consistently show a minimal if nonexistent commitment to serving the public interest:

- In 2002, more than half of TV stations in the nation's top 50 markets completely ignored state and congressional elections in their highest rated local news programs in the weeks leading up to those elections, with large station owners offering the least election coverage of all.[93]

- A random sampling of 285 full-power TV stations during a two-week period in 2003 found that four out of ten commercial TV stations aired no local public affairs programs during that time.[94]
- In the month before the 2004 election, a survey of 44 stations in 11 media markets documented that nine out of ten nightly local TV newscasts failed to cover any congressional, state or local elections. [95]

And most broadcasters remain militantly opposed to any accountability to the public. Indeed when the FCC merely asked if broadcasters should be asked to report more specifically on how they serve the public, the NAB reacted with a 68-page rebuttal, stating that the organization "believes that imposing additional obligations on broadcasters to ascertain the needs and interests of their local communities would be an inappropriate, unwarranted change of course."[96] Faced with study after study that shows a decline in the quality and quantity of local broadcast news, the NAB states baldly: [E]ven in the absence of specific obligations, all radio and television stations already air a sufficient amount of news, public affairs and local non-entertainment programming."[97]

TELEPHONE COMPETITION

In 1984, the courts and the Department of Justice had broken up the huge AT&T telephone monopoly, and in its place were seven Regional Bell Operating Companies (RBOCs), known as the "baby Bells." These companies pushed for deregulation so that they could offer long-distance services to their customers. In exchange, they promised to offer to competitors fairly priced access to their local exchange networks. The idea was to create competition primarily for local telephone service, since there was already competition in the long-distance market.[98]

What The Act Did: The legislation permitted local telephone companies to offer long-distance service outside of their own service areas immediately, but they could offer long-distance inside their own service areas only after they had proved that had opened their local phone markets to competition.[99] The bill included a checklist of actions the local telephone companies had to perform in order to prove that they no longer held monopolies in their local markets.[100]

What Happened: The baby Bells soon tried to renege on this compromise. After the Telecom Act was passed, they used the courts to block the requirement that they open up their local networks to new entrants. Instead of increasing competition, the Bells merged with one another, so that the seven RBOCs were reduced to four companies. "It was a pure sham," said Hollings.[101]

In 2001, Consumer Federation of America and Consumers Union concluded that "the 1996 Telecommunications Act has done virtually nothing to bring consumers competition for local phone service."[102] (While cell phones largely have been hailed as boons to consumers, Consumer Federation points out that for local phone service, wireless phones are more costly on a per-minute basis, and that wireless phones are less dependable[103] and are not completely connected to local emergency 911 tracking systems.)[104]

SBC Communications, one of the baby Bells, sued to block the Telecom Act's requirements that it give competitors access to its local telephone markets. While SCB did not win that case, the company ultimately got an appeals court and the FCC to soften the requirements to share its phone lines with other companies, including AT&T. In January 2005, SBC announced it was trying to acquire AT&T. AT&T, which provides long-distance phone service to 35 million households, had been a major competitor to the baby Bells, but had stopped adding customers when its access to local phone lines was blocked in 2004. As consumer advocates feared, rates began to rise.[105] Mark Cooper, director of research for Consumer Federation of America, said that the acquisition, if approved, would constitute the "re-monopolization of the industry.

How do you have competition without competitors?"[106] Communications scholar Philip Weiser recently observed that SBC Communication's acquisition of AT&T will "mark the failure of the Telecommunications Act of 1996 to deliver on its plan for robust competition between AT&T and its corporate offspring."[107]

This internecine warfare between the baby Bells and other competitors also greatly affected competition and innovation when it came to high-speed Internet service. Between 2000 and 2004, the United States has fallen from third to thirteenth in broadband penetration among nations.[108] Fully 70 percent of U.S. households lack access to high-speed Internet.[109]

In other countries, notes *BusinessWeek*, incumbent phone companies were forced to give lease access to their networks at reasonable rates, and it was these small competitors who brought innovation to high-speed Internet and brought down its cost. What makes one country lead another in the popularity of high-speed Internet? "Competition," responds telecom analyst Sam Paltridge .[110]

CONCLUSION

The Telecommunications Act of 1996 relied in many instances on the FCC to ensure the legislation's goals of competition and innovation.[111] But since the Act's passage, the FCC has issued rulings that have sided with special interests and against the public. For example, in instance after instance, the FCC has reversed the centuries' old principle of nondiscrimination, notes Mark Cooper of the Consumer Federation. "This is the obligation for providers of communications services to hold their networks open for all traffic and to interconnect with other networks on a nondiscriminatory basis." For generations, our nation's commerce has depended on the principle of nondiscrimination.[112] No company has been allowed to dictate what or who gets to travel on roads, railroads, ships, nor does any company control the content of messages sent across telegraph and then telephone lines.

When Congress revisits the Telecom Act, it is crucial that "Congress will have to restructure the existence of competitive markets and provide as little room as possible for the FCC to flout the will of Congress," Cooper recently testified before the House Energy and Commerce Committee.

In the coming months, Congress has an opportunity to rethink its assumptions and predictions, and ensure that citizens and consumers have a seat at the table. Priorities for the next Telecom Act must be affordable access to phone, Internet and cable, and policies encouraging true competition and diversity of ownership. And Congress must ensure that no one company or group of companies has the power to control the public's access to its mass media.

What is at stake is not just how much consumers pay for access to the Internet or their cable TV, but rather the fabric of American civic discourse—how ideas get communicated or are stifled, whether citizens will have a way to get the information they need to govern themselves. In 1994, then-Vice President Al Gore talked about the beauties of new communications technology that "would educate, promote democracy, and save lives."[113] Reopening the Telecom Act of 1996 may offer the best and the last chance to capture that vision.

1 Unanimous Consent Agreement on S. 652, Senate, *Congressional Record*, 1 February 1996:S703.

2 Hearing on Competition in the Telecommunications Industry, Senate Commerce Committee, FDCH transcripts, 14 January 2003.

3 Celia Wexler, *Channeling Influence: The Broadcast Lobby & The $70-Billion Free Ride*, Common Cause, April 1997: 20.

4 "Telecom Notes," *Communications Daily*, 13 Apr. 2005.

5 F. Duane Ackerman, "The Telecommunications Act of 2005," speech before American Enterprise Institute, 14 December 2004.

6 Conference Report on S. 652, House, *Congressional Record*, 1 February 1996:H1171.

7 "Telecommunications Overhaul Approved by Congress, President," *Facts on File World Digest*, 8 February 1996.

8 Conference Report on S. 652, House, Congressional Record, 1 February 1996:H11145.

9 "Telecommunications Overhaul Approved by Congress," Facts on File World News Digest, 8 February 1996.

10 Robert McChesney, *Corporate Media and the Threat to Democracy*, excerpts published on Internet as part of the Open Media pamphlet series, 19 January 2005.

11 Unanimous Consent Agreement on S. 652, Senate, *Congressional Record*, 1 February 1996:S703.

12 Hearing on Competition in the Telecommunications Industry, Senate Commerce Committee, FDCH transcripts, 14 January 2003.

13 Unanimous Consent Agreement on S. 652, *Congressional Record*, 1 February 1996:S702.

14 Hearing on Competition in the Telecommunications Industry, Senate Commerce Committee, FDCH transcripts, 14 January 2003.

15 Project for Excellence in Journalism, *The State of the News Media 2004*, Executive Summary:5.

16 F. Duane Ackerman, "The Telecommunications Act of 2005," speech before American Enterprise Institute, 14 December 2004.

17 Conference Report on S. 652, House, *Congressional Record*, 1 February 1996:H1163.

18 Jon Healey, "Provisions: Telecommunications Highlights," *CQ Weekly*, 17 February 1996.

19 John Rendleman, "House Passes Telecom Reform Bills," *InternetWeek*, 4 July 1994.

20 Patricia Aufderheide, *Communications Policy and The Public Interest: The Telecommunications Act of 1996*6, New York: The Guilford Press, 1999:51.

21 Rep. Edward Markey, "Statement Regarding Telecommunications Legislation," 23 Sept. 1994.

22 Edmund Andrews, "House Panel Acts to Loosen Limits on Media Industry," *New York Times*, 26 May 1995.

23 Edmund Andrews, "House Panel Acts to Loosen Limits on Media Industry," *New York Times*, 26 May 1995.

24 Mark Landler, House Passes Bill Curtailing Rules on Phones and TV," *New York Times* 5 August 1995.

25 Letter to President Clinton on 4th Anniversary of Telecom Act, Consumers Union, Consumer Federation, 7 February 2000.

26 Patricia Aufderheide, *Communications Policy and The Public Interest: The Telecommunications Act of 19966*, New York: The Guilford Press, 1999:58.

27 Mike Musgrove, "Phone-bill Math Takes a Toll," *The Washington Post*, 4 February 2000.

28 Jon Healey, "Provisions: Telecommunications Highlights," *CQ Weekly*, 17 February 1996.

29 Conference Report on S. 652, House of Representatives, *Congressional Record*, 1 February 1996:H1156.

30 Eric Boehlert, "One Big Happy Channel?" *Salon.com*, 28 June 2001.

31 Eric Boehlert, "One Big Happy Channel?" *Salon.com*,28 June 2001.

32 Eric Boehlert, "One Big Happy Channel?" *Salon.com*, 28 June 2001

33 Jon Healy, “Provisions: Telecommunications Act,” *CQ Weekly*, 17 February 1996.

34 Anastasia Bednarski, “From Diversity to Duplication: Mega Mergers and the Failure of the Marketplace Model under the Telecommunications Act of 1996,” *Federal Communications Law Journal*, March 2003.

35 Eric Boehlert, “One Big Happy Channel?” *Salon.com*, 28 June 2001.

36 Future of Music Coalition, “Radio Deregulation: Has It Served Citizens and Musicians?” 18 Nov. 2002.

37 Future of Music Coalition, “Radio Deregulation: Has It Served Citizens and Musicians?” 18 Nov. 2002.

38 Project for Excellence in Journalism, *The State of the News Media 2004*, Executive Summary, referring to a study by Professor Robert Papper of Ball State University:28.

39 Hearing on Competition in the Telecommunications Industry, Senate Commerce Committee, FDCH transcripts, 14 January 2003.

40 Maria Figueroa, Damone Richardson and Pam Whitfield, *The Clear Picture on Clear Channel Communications,Inc.*, Institute of Labor Relations, Cornell University, 28 January 2004: 4-5.

41 Hearing on Media Ownership, Senate Commerce Committee, 30 January 2003.

42 National Association of Black Owned Broadcasters, Inc. and Rainbow/Push Coalition, Inc., “Petition for Reconsideration 2002 FCC Review of Commission’s Broadcast Ownership Rules,” 4 Sept. 2003.

43 Dick Lammers, “FCC Members to Hear About Local Radio At Rapid City Hearing,” *Associated Press*, 21 May 2004.

44 Conference Report on S. 652, House, *Congressional Record*, 1 February 1996: H1147.

45 Mark Cooper, *Media Ownership and Democracy in the Digital Information Age*, Center for Internet & Society, Stanford Law School: 140.

46 Unanimous Consent Agreement on S. 652, Senate, *Congressional Record*, 1 February1996: S697.

47 Statement of FCC Chairman Michael Powell, Re: 2002 Biennial Review of Broadcast Ownership Rules, p. 2.

48 Summary of Conference Report on S.652, filed in the House, 31 January 1996.

49 Mark Cooper, *Media Ownership and Democracy in the Digital Information Age*, Center for Internet & Society, Stanford Law School: 143.

50 Linda Haugsted, “GAO: Overbuilds Cut Rates 15-41%,” Multichannel News, 16 February 2004.

51 Mark Cooper, “*Media Ownership and Democracy in the Digital Information Age*,” Center for Internet & Society, Stanford Law School:140.

52 Mark Cooper, *Media Ownership and Democracy in the Digital Information Age*, Center for Internet & Society, Stanford Law School: 144.

53 Hearing on Competition in the Telecommunications Industry, Senate Commerce Committee, FDCH Transcripts, 14 January 2003.

54 Ted Turner, “My Beef With Big Media,” *Washington Monthly*, July/August 2004.

55 Farhad Manjoo, “One Cable Company to Rule Them All,” *Salon.com*, 17 Mar. 2004.

56 Steve Lohr, “Big Media, Please Meet Wide Distribution,” *New York Times*, 12 February 2004.

57 Hearing on Competition in the Telecommunications Industry, Senate Commerce Committee, FDCH transcripts, 14 January 2003.

58 Steve Lohr, “Big Media, Please Meet Wide Distribution,” *New York Times*, 12 February 2004.

59 Peter Grant and Dennis Berman, “Cablevision Explores Raising Its $16.5 Billion Bid for Adelphia,” *Wall Street Journal* 11 Apr. 2005.

60 Center for Creative Voices in Media, “Supersized Comcast and Time Warner Cable Dangerous to Health of America’s Democracy and Culture,” 3 March 2005.

61 Julia Anguin, Peter Grant and Dennis Berman, “Adelphia Suitors Agree to Deal,” *Wall Street Journal*, 8 April 2005.

62 Peter Grant and Dennis Berman, "Cablevision Explores Raising Its $16.5 Billion Bid for Adelphia," *Wall Street Journal*, 11 Apr. 2005.

63 T. R. Goldman, "In Lobbyists' Marathon, A Few Finished Ahead," *Legal Times*, 12 February 1996.

64 Hearing on Telecommunications Competition, Senate Commerce Committee, 14 January 2003.

65 Unanimous Consent Agreement on S. 652, Senate, *Congressional Record*, 1 February 1996:S716.

66 Jon Healy, Provisions: Telecommunications Highlights," *CQ Weekly*,17 February 1996.

67 Cynthia Gorney, *The Business of News: A Challenge for Journalism's Next Generation*, A Report of the Carnegie Corporation: 41.

68 Summary of conference report on S. 652, filed in the House, 31 January 1996.

69 Jon Healy, "Provisions: Telecommunications Highlights," *CQ Weekly*, 17 February 1996.

70 Summary of conference report on S. 652,filed in the House, 31 January 1996.

71 Bob Hohler, "Communications Bill Passes House," *The Boston Globe*, 5 August 1995.

72 Dennis Wharton, "Two Markey Bids Win GOP Support," *Daily Variety*, 10 August 1995.

73 Neil Hickey, "So Big," *Columbia Journalism Review*, January/February 1997.

74 Alexander Stille, "Media Moguls, United,' *New York Times*, 28 August 1995.

75 "President Signs Telecommunications Bill," ABC World News Tonight, 8 February 1996.

76 Geraldine Fabrikant, "Two Radio Giants To Merge, Forming Biggest Network," *New York Times*, 21 June 1996.

77 "Making a Media Giant: The Overview: Viacom to Buy CBS," *New York Times*, 8 September 1999.

78 Saul Hansell, "AOL Time Warner Sticks To Its Aggressive Goals," *New York Times* 1 January 2001.

79 "Returning Oligopoly of Media Content Threatens Cable's Power," Bernstein Research 7 February 2003.

80 Peter Kaplan, "Sinclair Broadcasting Buys 14 TV Stations, Including Fox Outlets," *The Washington Times*, 25 February 1998.

81 Eric Boehlert, "Sinclair's Disgrace," *Salon.com*, 14 Oct. 2004.

82 "BigDeals/BigSuits;Prometheus Radio Project v. FCC," *The American Lawyer*, 1 Sept. 2004.

83 "Congress Moves to Take Courts Out of Media Ownership Cap," *Communications Daily*, 26 Nov. 2003.

84 Charles Layton, "News Blackout," *American Journalism Review*, December 2003/January 2004.

85 Statement of Senator John McCain, Hearing of the Senate Commerce, Science and Transportation Committee, 17 September 1997.

86 Celia Wexler, *Channeling Influence: The Broadcast Lobby and the $70 Billion Free Ride*, Common Cause. April 1997: 1.

87 Robert Pepper, chief, Office of Plans and Policy, Federal Communications Commission, testimony before the House Commerce Subcommittee on Telecommunications and Finance, 21 March 1996.

88 Celia Wexler, *Channeling Influence: The Broadcast Lobby and the $70 Billion Free Ride*, Common Cause. April 1997: 1.

89 Unanimous Consent Agreement, Senate, 1 February 1996: 77.

90 Celia Wexler, *Channeling Influence: The Broadcast Lobby and the $70 Billion Free Ride*, Common Cause. April 1997: 15.

91 "Return on Investment," Common Cause, 12 November 1997.

92 "2004 Legislative Summary: Broadcast Spectrum for Police and Firefighters," *Congressional Quarterly Weekly*, 3 December 2004.

93 "Over Half of Local News Broadcasts Ignored 2002 Midterm Election Campaigns," Lear Center Local News Archive, 23 July 2003.

94 Michael Yan and Philip Napoli, "Market Structure, Station Ownership and Local Public Affairs Programming on Local Broadcast Television," paper presented at the Telecommunications Policy Research Conference, Arlington, VA, October 2004.

95 Martin Kaplan, Ken Goldstein, and Matthew Hale, "Local News Coverage of the 2004 Campaigns: An Analysis of Nightly Broadcasts in 11 Markets," Lear Center Local News Archive, USC Annenberg School for Communication, 15 February 2005.

96 "In the Matter of Broadcast Localism, Comments of the National Association of Broadcasters," 1 November 2004.

97 "In the Matter of Broadcast Localism, Comments of the National Association of Broadcasters," 1 November 2004.

98 Robert Crandall, "A Critical Analysis of the Economic Benefits of the 1996 Telecom Act's Local Competition Provisions," presentation at the American Enterprise Institute, 14 December 2004.

99 Patricia Aufderheide, *Communications Policy and The Public Interest: The Telecommunications Act of 1996*6, New York: The Guilford Press, 1999:66.

100 Confererence Report on S.652, House of Representatives, Congressial Record, 1 February 1996: S695.

101 Hearing on Competition in the Telecommunications Industry, Senate Commerce Committee, FDCH transcripts, 14 January 2003.

102 Mark Cooper and Gene Kimmelman, Letter to the House Committee on Energy and Commerce, 25 April 2001.

103 Mark Cooper, "The Merger Tsunami is Drowning Competition in the Communications Marketplace," testimony before the House Energy and Commerce Committee, 2 March 2005.

104 Brett McNeil and Imran Vittachi, "911 Cells Still Not on Grid," Chicago Tribune, 16 March 2005.

105 SBC Communications Inc., *Merger of SBC Communications Inc. and AT&T Corp. Description of the Transaction, Public Interest Showing and Related Demonstrations*, filed with the Federal Communications Commission, 21 Feb, 2005: 52.

106 Vikas Bajaj and Terry Maxon, "AT&T Could Be Bought Out By Its Former Spinoff SBC Communications," *The Dallas Morning News*, 28 January 2005.

107 Philip Weiser, "The Behemoth Is Dead, Long Live the Behemoth," *The Washington Post*, 27 February 2005:B3.

108 Thomas Bleha, "Down to the Wire," *Foreign Affairs*, May/June 2005.

109 Mark Cooper, "The Merger Tsunami is Drowning Competition in the Communications Marketplace," testimony before the House Energy and Commerce Committee 2 March 2005.

110 Catherine Yang, "Commentary: Behind in Broadband," BusinessWeekonline 6 September 2004.

111 Patricia Aufderheide, *Communications Policy and The Public Interest: The Telecommunications Act of 1996*, New York: The Guilford Press, 1999:61.

112 Mark Cooper, "Making the Network Connection" in Mark Cooper (Ed.), Open Architecture as Communications Policy, Palo Alto: Center for Internet and Society, 2004.

113 Joshua Wolf Shenk, "The Robber Barons of the Information Superhighway," *Washington Monthly*, June 1995.

this page will be BLANK.

www.commoncause.org