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Plenty of minority owners!

Except to draw your attention to a blatant lie, the headline above will never get used again in ELECTRONIC MEDIA. It will never happen, we suppose, in part because there are fewer and fewer owners of any color or ethnic group. New ownership regulations have given a wide-open route for the biggest media companies to get even bigger; the little guys are leaving in droves. In addition, duopoly ownership rules, as they may be redrawn, will allow existing broadcasters to acquire smaller stations in their markets—the same ones that in the past may have gone to smaller, minority investors.

Cable operators, with their mythical 500-channel universe, will forever look for offerings that have the potential to grab the biggest crowds, not niche ethnic channels. Who can blame them? Cable channels aren't limited resources, the way broadcasting channels may be, but a cable operator has to be committed (or coerced, or crazy) to dedicate space to ethnic cable channels that by definition don't have mass audience appeal.

ELECTRONIC MEDIA's diversity report, in this edition, chronicles the lack of wide ethnic choice or ownership in broadcasting and cable. Out of 11,000 television and radio stations, for example, only 330 are owned by African Americans, Native Americans, Asians or Hispanics. The Rev. Jesse Jackson has proposed measures that would increase those numbers.

But the most popular incentive program—one that gave the seller of broadcast properties a hefty tax break for selling to minorities—was abused on both ends of the sales transaction and was abolished a couple of years ago.

We report that William Kennard, the able general counsel at the Federal Communications Commission nominated to be its new (and first African American) chairman last week, would like to reinstate tax breaks that would encourage minority ownership.

We welcome the effort, but we aren't confident about the likely results.

Therein is an opportunity. The White House commission studying new ways for broadcasters to fulfill their public interest obligations could help. What if

broadcasters who demonstrated efforts to identify and incubate new minority broadcasting ownership firms would get some positive support from the FCC and other agencies? Broadcast networks, now increasingly in the cable business themselves, could also use their clout to increase minority programming there.

It's not an easy path. The still-new Telecommunications Act puts a much larger bonus on free market principles than do-good deregulation. Until advertisers and retailers recognize and react to the purchasing power of non-white America, it's not likely the television industry will.#

Out of 11,000 television and radio stations, only 330 are owned by African Americans, Native Americans, Asians or Hispanics.

Minority station ownership in downward spiral

BY DAVID HATCH

STAFF REPORTER

WASHINGTON—No matter how you slice the numbers, minority ownership of radio and television stations is paltry at best.

Consider this: Minorities in 1996 owned only 2.9 percent of all TV and radio outlets in the United States, according to the U.S. Department of Commerce.

In other words, African Americans, Hispanics, Asians and Native Americans combined owned only 330 radio and TV stations—out of 11,000 nationwide.

Tatia Williams, senior adviser to Larry Irving, head of the Commerce Depart-

ment's National Telecommunications and Information Administration, says soon-to-be released 1997 figures will be even lower.

"It's very bleak. The numbers are dismal," says Ms. Williams of the overall state of minority ownership.

Don Cornwell, chairman and CEO of Granite Broadcasting Corp. and a minority owner who beat the odds, agrees.

"Our society benefits by having diversity of voice and diversity of ownership," he says.

"We are sorely underrepresented," says Jim Winston, executive director and general counsel of the National Association of Black-owned Broadcasters.

"There is a crying need for government

intervention to change those numbers."

He says the statistics are more dismal than they appear because they don't compare the size and influence of stations.

A glimmer of hope

But there are glimmers of hope for the minority community.

Bill Kennard, general counsel at the Federal Communications Commission and President Bill Clinton's pick for agency chairman, is an African American candidate who wants to strengthen minority ownership.

According to sources, Mr. Kennard supports reinstatement of a tax certificate program that provided station own-

ers with an incentive to sell to minorities.

Mr. Kennard did not return phone calls.

The Rev. Jesse Jackson, president and CEO of the National Rainbow-PUSH Coalition, has been vocal about the need for more minority owners and urged FCC Chairman Reed Hundt in a June meeting to adopt more policies that promote minority ownership.

One of his recommendations was that the FCC only approve major industry mergers if they result in a demonstrable benefit to minorities, such as the spinoff of media properties that would be sold to minorities.

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Minority station ownership numbers fall to 'dismal' level

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"We are certainly considering everything that he proposed," said Katherine Sandoval, director of the FCC's Office of Communications Business Opportunities.

So why are the ownership figures so low?

Observers cite reasons ranging from discrimination to a lack of access to capital to the elimination of the tax program.

'A vicious cycle'

"It's all sort of a vicious cycle," says Granite's Mr. Cornwell. "Most minorities don't have the capital to get in the game. Most minorities don't have access to the 'club.'"

Even the Telecommunications Act of 1996 is cited as a factor. By triggering further concentration of media properties, particularly in the radio industry, some minority owners have been forced to sell because they can no longer compete, observers say.

Congress' decision two years ago to eliminate the tax certificate is seen as a major blow. Under the program, which went into effect in the late '70s, owners received a capital gains tax deferral if they sold stations to minorities.

Republicans in Congress targeted the program because it smacked of affirmative action and a tax

giveaway. President Clinton ultimately signed a tax bill that contained provisions killing the program.

"I believe that Bill Clinton should not have signed the bill. I believe he did a lot of harm," says Mr. Cornwell, who said he wouldn't be in business without the program.

Others in the minority community echoed the view. Eliminating the program was "one of the negatives" of the Clinton administration, says Janice Mathis, an attorney with Rainbow-PUSH.

According to Mr. Winston, minority ownership of TV and radio outlets more than quadrupled during the first three years of the program. "We got on the board in a very short period of time," he says.

The bottom line

Minority groups also cite the U.S. Supreme Court's decision two years ago in the so-called Adarand case as a huge setback.

As a result of the decision, it is more difficult for the government to justify programs with race-based preferences. The bottom line: There are virtually no government programs of any significant size left that help minorities become owners of broadcast properties, sources say.

Ms. Sandoval told ELECTRONIC MEDIA that the FCC is conducting studies on whether minorities and women face "unique barriers" in the telecommunications and broadcast marketplace. The results of the studies could determine whether the agency may adopt race-based programs in the future.

The FCC does have a so-called "distress sale" policy that allows owners to sell stations to minorities for 75 percent of market value if the station license is slated for possible revocation.

But David Honig, executive director of the Minority Media and Telecommunications Council, says that distress sales have a minor effect, an assessment with which Ms. Sandoval agreed.

The Commerce Department has a small program, the Minority Telecommunications Development Program, that trains minorities interested in getting into broadcasting, but it only trains about 10 or 15 people a year.

Minorities can take advantage of government programs aimed at helping small businesses get off the ground. But some sources said the programs, such as the Telecommunications Development Fund created by the 1996 Telecommunications Act, are too small to have much of an impact. #

Movie channels seek Latin cash

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ecutive officer, LAPTIV.

LAPTIV, backed by Universal, MGM, Paramount and Twentieth Century Fox, had expected to be available exclusively on systems' premium tiers by this year.

Now it's offering "Multipremium," a branded package that includes Cinecanal and its multiplex, Cinecanal 2, as well as Movie City, a two-month-old "superpremium" first-run movie channel.

HBO Ole, similarly, put a marketing push behind its own "Multiplex," which boasts HBO Ole, HBO Ole 2 and Cinemax.

The advance toward wider premium pricing comes as the expanded universe of Latin American pay-TV programmers has pushed acquisition prices—especially for a first-run window—through the roof.

LAPTIV and HBO Ole have been working together with operators to push investments in addressable set-top boxes.

"We're evaluating it and negotiating how to split [the expense of] set-top boxes," said Eugenia Klein, marketing director for Argentine operator Video Cable Comunicacion, which charges subscribers \$33 a month for 75 channels, including Cinecanal and HBO Ole.

Currently, addressable boxes are installed only in about 700,000 of Mexico's 2.1 million cable homes, while in Argentina, Latin America's biggest cable market with more than 5 million subscribers, estimates put the number of addressable boxes at fewer than 100,000.

Mr. Rionda also said LAPTIV plans to work with operators to help market the premium package to subscribers. #