Deregulation and Commercial Radio

Essays

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In America, the commercial radio industry has undergone a major reformation in recent years. What was once a diverse mass communications medium with hundreds of small, locally-owned business is now almost exclusively controlled by just a few major corporations. Why the sudden change? The Telecommunications Act of 1996. This piece of legislation essentially removed government regulation from the equation, allowing a single company to own hundreds of radio stations across the nation, placing the interests of big business above the welfare of consumers.

When radio communications technology was first discovered, it became evident very quickly that a single regulatory body was needed to manage radio spectrum bandwidth nationwide. Early on, corporations wanted to control this increasingly important natural resource, but the government gave the scepter of regulatory power to a new agency of the bureaucracy, the Federal Communications Commission. Its mission was, and still is, to manage the spectrum of available radio frequencies, and to prevent overlaps from occurring.

Once founded, the FCC assigned blocks of frequencies for various uses, including commercial, amateur radio, government, and military. Licenses to use the commercial bands were then sold at auctions, and each license assigned the buyer a callsign for identification (four digits for commercial broadcast radio), a frequency range to operate in, an acceptable transmitter location, and a maximum power output. Using this information, a broadcast radio company could then set up shop in the location on the license they purchased, and start broadcasting to the general public.

The commercial spectrum users filled their allocated band space, and started lobbying hard to get more. The FCC recently decided to assign an unused block of government frequencies to the commercial users, and sold those licenses at a special auction that generated $20 billion in revenue. However, the new buyers complained that due to the stringent regulations on their industry, they were having difficulty getting set up. So, the corporate lobbyists for media and communications industries drafted the TCA, and it was pushed through Congress and voted on before a single congressman had a chance to read the bill. President Clinton signed the bill into law in 1996, and with that simple flick of a pen, the consumer protection regulations that had been in place for decades were tossed out of existence.

After winning this keystone victory in Congress, the media companies started the time-tested method of buying their competitors rather than trying to compete with them. Soon, a company called Clear Channel had acquired over 1,200 radio stations nationwide, roughly 60% of the US?s commercial broadcast radio market. Combined with the other three radio giants of the US, over 90% of US broadcast radio is owned by major media corporations, effectively wiping out any local-level competition and creating a corporate monopoly on radio entertainment.

As proven by history, monopolies never work for the good of the consumer. And, true to form, this monopoly on content is not benefiting anyone except Clear Channel and its ilk. These companies choose the type of content to air based not on what their listeners want to hear, but instead, based solely on what they deem to be the most profitable. A perfect example of this is the radio station Y100 (WPLY), based in Philadelphia, PA. This popular station was known far beyond the Delaware Valley area for its charismatic DJs, impeccable playlist selections, and community outreach activities for over 12 years. Then, without warning, the parent company abruptly shut down the station in its current form, and replaced it with a rap/urban station. Their reasoning for this was greater profitability from their advertisers, and higher listener numbers based on the demographics of the area. There was no input from the listeners of the original 100.3MHz station, just a marketing analysis and some new contracts with advertisers. This is not the way this industry should be run.

The Telecommunications Act of 1996 has had far-reaching detrimental implications in the radio communications industry. What was once a diverse market dominated by scores of small businesses is now controlled by a small number of large corporations, and consumers are being deprived of choices in entertainment. Deregulation laws like the TCA serve no one except the corporations, and they consistently harm the consumers who are meant to be protected by organizations like the FCC. Laws like the TCA, and the monopolies created by deregulation, need to be shut down to prevent further harm to our nation?s communications media, and to protect a squandered natural resource such as the radio spectrum.

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