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MARKETPLACE

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HEADLINE: Martin Kaplan on a new plan drawn up by the FCC that would allow media companies to own more stations and newspapers

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BODY:

DAVID BRANCACCIO, anchor:

This is MARKETPLACE. I'm David Brancaccio.

Federal regulators are poised to let media companies buy up more broadcasting stations. The Federal Communications Commission has drawn up its plan which has now leaked to the Associated Press. Among the provisions, it allows a single company to buy stations reaching 45 percent of the country instead of the 35 percent limit now. Also, newspapers and TV stations could have the same owner in medium and larger media markets. And a company could own two TV stations in a market, three in the biggest of cities. The draft keeps two existing rules in force. TV networks cannot merge and the maximum number of radio stations in a city under one corporate parent remains at eight. The FCC chairman wants this plan adopted within three weeks and the question is now is it a done deal? Media and business commentator Martin Kaplan is associate dean of the Annenberg School for Communication at USC.

MARTIN KAPLAN:

If you ask ordinary Americans do they know about this, until recently the answer would have been no. But more and more, people are saying, 'Oh, my God. How can that be?' And those people saying that include several members of the Senate. There were hearings today that John McCain shared where senators Patty Murray and Olympia Snowe said this really can't happen. We've gotta go slower. There's no reason to railroad this thing through. And that kind of attention may, in a kind of desperate Perils of Pauline Gambit, at least get things to slow down. There is no reason at all that June 2nd has to be the vote. It's because Michael Powell has decided that it does have to happen. And the only reason that these rules are in play at all is because the Congress, in the giveaway known as the Telecom Act of '96, said the rules have to be revisited every couple

of years so that even if a battle is fought and won, it has to get refought and rewon or lost every couple of years.

BRANCACCIO: Now I've permitted you to indulge in this idea that perhaps there's still a critique that can be made, and this is not a train that is set in motion, but talk to me about the other side. What is the media landscape going to look like for us as the year wears on?

KAPLAN: Well, it's entirely possible that in a number of cities there will be up to three stations owned by the same company and throw in a newspaper. And since most American cities are now one newspaper towns, you've got the kind of Orwellian Big Brother situation that no one would imagine could actually come to pass in America. On the other hand, while that's going on, the last hope for the other side is to appeal the ruling. And in some ways, all that's going on right now in these last few desperate weeks is to prepare the groundwork for an appeal, saying that the commission failed to hold more than one hearing--imagine that, the biggest change in media ownership laws in the history of our country and only one public hearing in Richmond, Virginia, was held.

BRANCACCIO: What's the nature of a likely appeal? Is it a legal appeal?

KAPLAN: Yes. And a lengthy court challenge by the time it's done. No doubt, many of the deals that have been already bruited will have been done and the question will be, even if the rules get changed back, can these deals be undone? Chances are they will be grandfathered--I guess it's grandfathered and not grandmothered--grandpersoned into the new regulatory scheme. So basically you have the Oklahoma Sooners chomping at the gate to get out there and by the time they've squatted on the land, virtually nothing can be done to undo it.

BRANCACCIO: Marty, thank you.

KAPLAN: Thank you.

BRANCACCIO: Martin Kaplan is also the director of the Norman Lear Center at USC.