

KEEPING PACE WITH TECHNOLOGY

Remarks of FCC Commissioner Kathleen Q. Abernathy
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As prepared for delivery

Thank you so much for the opportunity to speak with you today. Radio has been a staple in the lives of Americans since its first broadcast over 80 years ago -- from 1920, when KDKA, Pittsburgh, PA debuted radio broadcasting to 2002, when there are over 13,260 radio stations operating across this country.

Throughout this time, radio has been a source of entertainment and information and has brought communities together. Yet, radio has undergone many changes over the years. Developments in technology have increased the availability and quality of radio service, but they have also brought about the introduction of competing media sources, such as television and the internet. One of the biggest challenges that radio has faced is how to survive, and indeed thrive, in the face of technological change.

One of the biggest challenges that I face as a regulator is ensuring that our rules keep pace with technological advancements and the changing competitive landscape. We need to ensure that FCC rules adequately reflect the current marketplace – not one that existed five, ten or even twenty-five years ago. And we need to ensure that regulation does not stand in the way of technological innovation. Only by doing our part can we ensure that you are able to provide competitive and valuable services to your communities.

Changes in Radio Broadcasting as Result of Competition and Innovation

In 1929, radio became the must-have staple in every home for information and free entertainment. All of us have heard stories about the first FDR fireside chat in 1933, and the panic that spread through the east coast on Halloween night 1938 when Orson Welles broadcasted the “War of the Worlds.” Radio originally offered a variety of sponsored programs both day and night – including soap operas, dramas and variety shows. This programming phase likely peaked in the mid 1950s. My father would tell me great stories about how he couldn’t wait to listen to “The Shadow” or “The Lone Ranger.” Yet, with the development of television, such programs dropped off sharply as these popular shows were simulcast on television and radio in the late 1950s and eventually transitioned to television alone by 1960.

And what happened to radio – as you all know, it did not die out as television grew up. Rather, radio redefined itself and its role in American society. Importantly, by

this time, radio was available in automobiles and portable radios were being introduced. Radio continued to be a pivotal source for breaking news, and certain programming, such as sporting events, continued to have its place on both television and radio. As network programming died away in the 1950s, the music format evolved. And radio stations began to focus and specialize on particular kinds of music. In an effort to attract and retain listeners over the years, radio has improved its quality and particularly capitalized on services that people use when they are looking for only an audio component and when they are outside their home where television is not available.

Challenges for the Federal Communications Commission to Keep Pace with Changes in Competition and Technology

As you also know, today, radio competes for advertising dollars and audience, not just with television, but with numerous sources of other media -- cable, DBS, Internet, and most recently, satellite digital audio radio service (Satellite DARS). This evolution requires the FCC to stay informed about the changing media environment and how our rules affect your ability to readily adapt to new forms of competition and advances in technology.

Biennial Review

One way we do this is through our biennial review process. Congress, in the 1996 Act, directed the Commission to review its media ownership rules every two years and to modify or eliminate those rules that are no longer in the public interest in light of changes in the competitive landscape. Just yesterday, we adopted an NPRM that reexamines *all* our media ownership rules. As an aside, we have six different broadcast ownership rules. The Commission is looking at our traditional goals of diversity, competition, and localism and how and whether these goals are being advanced by our rules in light of the different forms of media available to consumers today.

Given the substantial changes in the marketplace since some of our ownership rules were put in place, we must ask whether the old rules still work – are they fostering diversity, competition, and localism? Do our rules drive up costs for broadcasters without delivering benefits to consumers? Can competitive market forces protect consumers more effectively than regulatory mandates? If so, then we must modify our rules accordingly.

Terrestrial Digital Radio Service.

As a regulatory agency, we must also ensure that our rules don't stand in the way of technological innovation. Terrestrial radio is once again facing a new type of competitor– this time from satellite DARS, which provides CD quality sound, numerous programming choices and additional bells and whistles. Once again, all of you must respond to attract and retain listeners. No doubt, the introduction of digital technology to terrestrial radio service is one way in which radio can better compete in today's marketplace. The improved audio quality and other benefits offered by digital

technology will strengthen the future of local radio service for both broadcasters and listeners.

Now, the Commission has yet to adopt a standard for digital radio broadcasts, but we have sought comment on two basic approaches: in band, on channel technology (or “IBOC”), which uses the existing AM and FM bands, or an approach based on the use of different spectrum. The Commission recognized IBOC as a promising technology and acknowledged its many advantages over the new spectrum approach. But, we needed to be assured not only of the performance capability of IBOC technology, but also that its use would not harm or disrupt existing AM and FM radio service.

Following the launch of the FCC proceeding, iBiquity has concluded its AM and FM IBOC testing and the National Radio Systems Committee (NRSC) has issued reports supporting the IBOC model for all FM and for AM daytime use. These reports have been put out for comment, with the last of the replies submitted this past July. It is now time for the Commission to act so that terrestrial radio can transition into the digital age. I hope that the Commission will be able to issue a report and order this fall regarding the adoption of IBOC as the technology to be used for terrestrial digital radio.

Radio’s Continued Contribution to Community Service

Despite the challenges presented by the ever changing technological landscape, I remain optimistic about the future of radio. So I will conclude with a few remarks about what has not changed in radio broadcasting since its inception – that is your strong support for and commitment to your local communities.

Radio has continuously been recognized for its contributions to American society – particularly in times of crisis. But there is no better example of community service than the events that took place almost a year ago today – on September 11th.

Radio stations not only kept people informed of the day’s events and the aftermath, but also raised hundreds of millions of dollars for relief efforts. Many stations shifted from their usual music format to twenty-four hour news and information, and provided days of commercial-free, community-focused programming. In addition to providing live coverage of the events, you offered a place for the community to come together through listener call-in programs. You were a pivotal force in organizing donations of clothing, food, blood and money for the rescue effort and for the families of the victims.

And the reason you were all so well-positioned to respond to the challenges of 9/11 is because historically, radio broadcasters have supported local charities, educated their listeners about important local issues and delivered life-saving information and relief in times of crisis.

Just a few examples: after back-to-back fires that killed a number of residents in Salisbury, Maryland in 2001, local radio stations joined with local firefighters to provide

smoke detectors to area residents free of charge. Stations around the country have aired special new series about drug abuse, sponsored on-air town meetings on the subject, and organized workshops at local schools and churches. Local radio stations have also raised money for and awareness about such issues as: breast cancer, health services for the poor, children's charities, environmental issues, and domestic violence. Together with local television stations, broadcasters contributed \$9.9 billion dollars to community service efforts nationwide during 2001.

There is no question that you are valued by your communities and a critical component of "the American way." Thank you for being such an important force and presence in my life and in the lives of the American public. Please keep up the good work as you continue to meet the competitive challenges that lie ahead for you.