

Changing Media Landscape and Minority Ownership Disparity Analysis

by

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The Internet and Broadband are not necessarily same market for media consumers of color

- Brown Shoe test: submarkets are determined “by examining such practical indicia as industry or public recognition of the submarket as a separate economic entity, the product's peculiar characteristics and uses, unique production facilities, distinct customers, distinct prices, sensitivity to price changes, and specialized vendors.”

Broadband and Internet

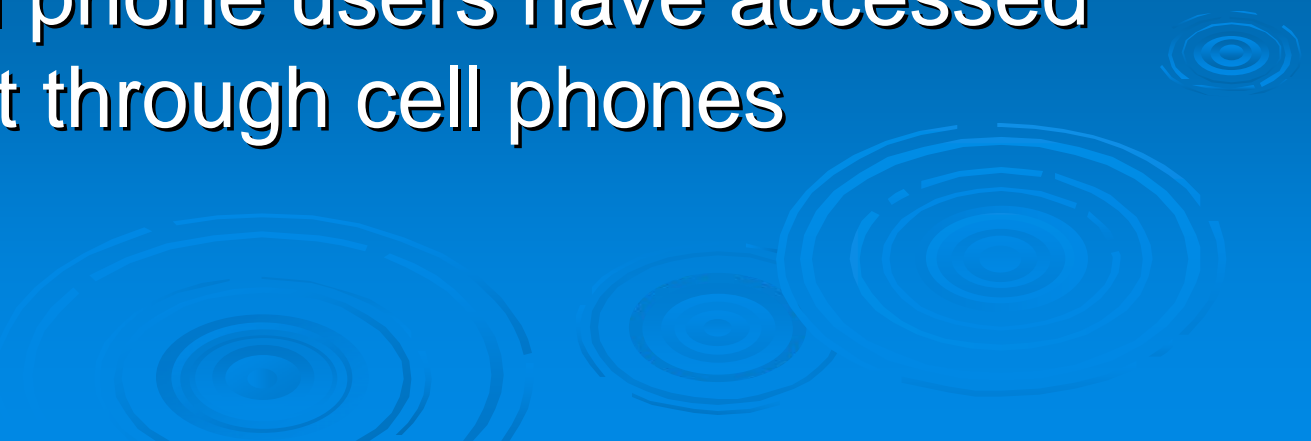
- As a source of information, most media consumers visit affiliated sites of mainstream media
- It's not free
- there's still a digital divide in access between African Americans and Latinos/as and whites

2009 Pew Internet Report

- 76% of Whites use Internet
 - 70% African Americans use Internet
 - 64% Hispanic use Internet
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- 63% whites have home broadband
 - 52% African Americans have home broadband
 - 47% Hispanics have home broadband

2009 Pew Internet Survey

Wireless Connection to Internet

- 55% of Americans connected to Internet wirelessly on at least one occasion
 - 83% of Americans have cell phones
 - 35% of cell phone users have accessed the Internet through cell phones
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African Americans and Hispanics use more Wireless Internet than Whites

- Whites 52%
- African Americans 59%
- Hispanic 62%

2009 Pew Internet Study of the Internet and Civic Engagement

- Key findings:
- The Internet is not changing the socioeconomic character of civic engagement
- The affluent and the well-educated are more likely to participate in online political activities than their less well off counterparts

Demographic Analysis of Political Communication by individuals

- 2009 Pew Study
- Offline Communications Tools
- White 80%
- Black 79%
- Online Communication Tools
- White 56%
- Black 46%

Social Networking Sites

- 2009 Pew Study
- Dominated by those under 35
- Highly interactive in civic and political engagement
- Still a gap in use by education and income, but somewhat reduced when compared to other online tools

Broadcasting and Race

- Broadcasting is ubiquitous
- Sensationalize looking for high ratings
- Focus on celebrities using racist language, i.e., Imus, Michael Richards
- Focus on MLK's Birthday and Black History Month
- Focus on inter-race conflict like Sean Bell Shooting in NYC

Mainstream Media Fail to Cover

- Discrimination that occurs every day in people's lives
- Poverty and Lack of Opportunity
- Housing segregation
- Inferior Schools
- So when Katrina happens, the public asks why there are poor people in the U.S.
- Fail to cover Latinos/as, Asian Americans, American Indians
- Arab Americans and Muslims stereotyped as terrorists

FCC licenses

- Awarded through hearings until 1990s into a market that was rife with disparities

1970-1993

➤ **6,178**

Broadcast Licenses
Awarded through
FCC Singleton
Process—No Minority
Enhancements.

➤ **2,437**

Broadcast Licenses
Awarded through
FCC
Comparative
Hearings.
Only Comparative
Hearings Had
Minority
Enhancements.

Must Have a Compelling Governmental Interest for Race Conscious Programs

➤ DIVERSITY OF
VIEWPOINTS AND
PERSPECTIVES.

➤ PASSIVE
PARTICIPATION IN
THE
DISCRIMINATION
OF OTHERS.

DIVERSITY

- FEW LATINO/A , ASIAN, OR AMERICAN INDIAN REPRESENTATION ON BROADCAST TV.
- MOST OF DIVERSITY GAINS WERE IN AREA OF NON-RECURRING OR SECONDARY CHARACTERS.

The FCC's Passive Participation in the Discrimination of Others.

1. COMMUNICATIONS INDUSTRY.
2. CAPITAL MARKETS.
3. ADVERTISERS.

Minority Singletons More Likely to be Challenged than Non-Minorities.

- **74%** of *Non-minority* initial applicants *never* competed in a comparative hearing.
- Only **35%** of *minority* initial applicants *never* competed in a comparative hearing.

Initial Applicants participating in Comparative Hearing

Minorities and Non-Minorities won hearings at the same rate—44% minorities and 45% non-minorities.

Comparative Hearings

When minorities participated in proceedings, more applications for license filed than proceedings without minorities—3.7 average-minorities and 3.2 average- non-minorities.

Applications with Minorities had larger number of individuals members.

- 5.9 minority
- 5.5 women
- 4.3 non-minority

Winning Applications with Minorities had even larger number of individuals

- 8.3 minority
- 6.5 women
- 5 non-minority

- Applications with larger *Number* of minority members had a better chance of receiving a license than Applications with *50%* minority equity control.

Capital Markets Discrimination

- Loan applications of minority-owned firms were less likely to be accepted than from non-minority firms.
- Minority borrowers paid higher interest rates on loans than non-minority firms.
- Capital Market Discrimination results in Capital Constraints for Minority Applicants.

Advertising Discrimination

- No Urban/Spanish Dictates—
- Advertisers refuse to place advertisements on minority-owned stations.
- Minority Discounts—
- If advertisers placed advertisements on minority-owned radio stations, they would only do so subject to substantial discounts.

Scope of Harm

- KPMG found that there was “a lower overall probability of winning a license for [broadcast] applications with minority ownership than non-minority applications.”

Conclusion

- As a result of the actions of the communications industry, the capital market industry, and the advertising industry, a strong basis of evidence exists that the FCC passively participated in the discrimination against minority broadcasters, necessitating remedial relief.