



Future of Music Coalition

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Statement of Jenny Toomey

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Good morning. On behalf of the Future of Music Coalition, I want to thank you for the honor of testifying today. This hearing is much needed, and we applaud you for holding it.

My name is Jenny Toomey. I am a rocker, a businesswoman and an activist. I speak to you today as a working artist and as Executive Director of the Future of Music Coalition, a non-profit think tank that pursues initiatives that can benefit citizens and musicians. Most working musicians aren't superstars – rather, they are independent and local. For the past three years the FMC has worked with musicians and citizens groups on issues from webcasting to health care. But one issue unites our entire constituency: access to commercial radio.

Given these concerns, last February we began an eight month research project to examine the problem. In the study, we ask the basic questions: how has ownership of commercial radio changed? And does radio serve the essential regulatory priorities of localism, competition and diversity?

The radio study is over 150 pages. We have entered it in the record today, filed it as a public comment at the FCC, and it's posted on our website, www.futureofmusic.org. The lead authors of the study, Kristin Thomson and Peter DiCola, are available to clarify any questions you might have. We cannot summarize that data in five minutes, so I will

www.futureofmusic.org

confine my comments to three themes that must alter the focus of future debate on radio concentration.

First, the broadcast industry defends the radical restructuring by pointing at other entertainment industries and saying, "we're not as bad as those guys." But, they aren't "those guys". Radio is not private property, but a public resource regulated by the government on behalf of citizens. For decades, it was based on a model of local ownership. In 1996, the national cap was 40 stations. So it's distressing that Clear Channel owns 1240 stations and five other radio groups each own over 100 stations at the same time that we've lost over 1700 distinct radio station owners since 1996.

But it's more distressing that in New York City, 79 percent of revenue is controlled by four companies. In Washington, DC it's 79 percent. In New Orleans, 90 percent. In Austin, 92 percent. In virtually every local market of the country, four companies or fewer control over 70 percent of the market. In many cases, these owners are not locally based. This means that we have *less* competition than before deregulation, not more.

Second, the broadcast industry claims that deregulation has brought us more formats, and thus more diversity.

But formats are a poor measure of diversity. Measuring music diversity by counting the number of radio formats is like measuring the variety of food in your pantry by counting the number of cans without looking at what is inside them.

We found substantial overlap between supposedly distinct formats. In the most extreme case, for the week of August 2, 2002, the national charts for two distinct formats overlapped at a 76 percent level. In other words, 38 of the top 50 songs were the same.

Third, the broadcast industry claims that fewer owners in a market leads to more diversity. They say radio companies will avoid competing against themselves in a single format.

On the surface, this makes sense. Why would a company that owns seven stations in a market want to compete with themselves? But this misses the fundamental logic of the value of a station group. The primary goals of a radio station group are to: 1) attract the largest possible number of listeners in the most attractive demographics and 2) ensure that if the listener changes station, they change to another station owned by the parent company.

The economic incentive is not to provide diversity of programming; rather radio companies seek to assemble overlapping and economically lucrative audiences that will generate the most revenue. On the expense side, the incentive for radio companies is to centralize operations, using more syndicated programming and applying new technologies like voice tracking to cut costs.

For example, in Denver, Colorado, Clear Channel owns seven stations. Instead of offering blues, classical, jazz, folk, bluegrass, zydeco or other formats, this is what they program: News/Talk, Talk, Rock, Classic Rock, Modern Rock, Contemporary Hit Radio, and Adult Alternative.

We know that radio companies spend enormous resources to draw the largest possible audience in preferred demographics. But is that really how we define the public interest?

We have heard concern about radio consolidation expressed by musicians, unions, record labels, consumer and religious groups, small broadcasters, industry employees and elected officials.

- Concern about the loss of local voices.
- Concern that stations are burying public service announcements in off hours
- Allegations of “pay for play”
- Concern about increased advertising
- Concern that public officials have fewer outlets to reach citizens

- Allegations that talk shows won't allow questions from callers who "sound old" because it alienates younger listeners
- Concern that community-based Low Power radio licenses were scaled back because of the power of the broadcast lobby.
- And concern that musicians who publicly criticize the industry will be blackballed.

But the burden of proof should fall on the broadcast industry that pushed for these changes, and now they must explain how they serve localism, competition and diversity.

I want to thank Chairman McCain and the committee. Mr. Chairman, we can do better. I hope that today's hearing inspires citizens around the country to contact members of this committee to explain that our communities need access to radio. There are hundreds of thousand musicians in this country and while they may all not have a hit record in them...each one of them has a vote. And while they disagree about many things, they agree that there is something tragically wrong about what has happened to our radio and they agree that it has to change.

Thank you again for inviting me to testify today. I look forward to answering your questions.