



Consumer Federation of America

PUBLIC SUPPORT FOR MEDIA DIVERSITY AND DEMOCRACY IN THE DIGITAL AGE:

A Review of Recent Survey Evidence

THE FCC'S MARCH TOWARD CONCENTRATED MEDIA MARKETS AND CLOSED COMMUNICATIONS NETWORKS IS OUT OF STEP WITH PUBLIC OPINION

As a result of a series of proceedings at the Federal Communications Commission, media and communications policy is hurtling toward a landscape dominated by large corporations that control closed, proprietary networks with few public interest obligations.¹ These proceedings signal a dramatic and historic change in media ownership policy—all to the detriment of fundamental free speech and democratic principles. Public opinion surveys over the past several years demonstrate that the public's view of media concentration and digital communication networks stands in sharp contrast to the policies being pushed by the Federal Communications Commission (see Exhibit 1).²

- In contrast to recent FCC proposals that express little concern about increasing concentration in the media and telecommunications industries, the public is troubled by the growing concentration of the media.³
- In contrast to FCC Chairman Powell, who has expressed skepticism over the usefulness of the public interest standard mentioned 112 times in the Communications Act,⁴ the public expresses strong support for public interest obligation for both television and the Internet.
- In contrast to FCC rules that have opposed requirements that advanced telecommunications networks provide nondiscriminatory access to unaffiliated Internet service providers (ISPs),⁵ the public strongly supports open communications networks.

As proceedings to consider the rules governing media ownership and the flow of information over communications networks play out at the FCC, it is critical that policymakers recognize that the public has a vision for democratic mass media and advanced communications networks that is much more consumer and citizen friendly than the apparent view of the Chairman and the majority at the FCC.

MEDIA CONCENTRATION

Across a range of questions, public concern over increasing media concentration appears to have increased since the mid-1990s when the passage of the Telecommunications Act of 1996 deregulated media and triggered a wave of mergers.

- By a wide margin (70% vs. 30%, Exhibit 1a, q1), survey respondents believe that media companies are becoming too large. This concern reflects their belief that mergers between media companies do not lead to better content and services (58% vs. 41%, Exhibit 1a, q2).
- They believe mergers result in higher, not lower prices (50% vs. 12%, Exhibit 2) and worse, not better quality (36% vs. 14%, Exhibit 2).
- Consequently, they think it should be harder, rather than easier, for media mergers to be approved (55% vs. 32%, Exhibit 3). They are strongly opposed to very large mergers, like the AT&T/Comcast merger (66% vs. 12%, Exhibit 3).
- The public also opposes mergers across media types, such as between broadcast stations and newspapers. Asked whether such mergers would be good or bad for their communities, respondents felt it would be bad by a three to one margin (49% to 17%, Exhibit 1a, q3).
- Asked whether such mergers would be good or bad for the country, their negative reaction was even stronger. Between 55 and 75 percent of respondents said mergers would be bad, compared to fewer than 15 percent who said mergers would be good (Exhibit 4).
- These cross-media mergers are a source of concern because respondents felt there would be less, not more, diversity of editorial points of view (49% vs. 18%, Exhibit 1a, q4) and that varieties of points of view in covering local news would decrease, not increase (39% vs. 21%, Exhibit 1a, q5).

PUBLIC INTEREST OBLIGATIONS

Concern about the impact of mergers on the quality and content of programming reflects a deeply seeded concern among consumers about the media.

- They do not feel that television accurately represents the average consumer (60% vs. 28%, Exhibit 5). Almost one half (47%, Exhibit 5) do not trust the information they find in the news.
- Respondents deem it important that shows reflect the cultural and ethnic make-up of the community (very important = 35%, somewhat important = 42%; not important at all 23%, Exhibit 1b, q9). Similarly, they deem it important to have public affairs programs that discuss local issues (very important = 43%, somewhat important = 43%; not important at all 13%, Exhibit 1b, q7). They find it very important (68% = very, 25% = somewhat, Exhibit 1b, q10) that local news and events are reported.

The public supports a range of public interest obligations.

- Almost two thirds of respondents believe that broadcasters will just maximize profits if not directed to air public interest programming (63%, Exhibit 6, q1).
- Substantial majorities of respondents believe broadcasters should provide public service programming and services. For example, approximately 70 percent of respondents say broadcasters should be required to provide more educational programming (Exhibit 6,

q2), and that figure rises to 85 percent when the new digital spectrum can be used for this purpose (Exhibit 6, q3).

- The public supports a community trust fund to support public programs (very important = 36%, somewhat important = 43%; not important at all 17%, Exhibit 1b, q8).

The support for community-oriented activities with respect to television has transferred to the new communications media – the Internet. Respondents express support for public interest obligations extending to the Internet.

- They would like some sections of the Internet to be commercial free (82%, Exhibit 6, q4) and protected from commercial development (77%, Exhibit 6, q5).
- They believe some of the space on the Internet should be devoted to public forums (72%, Exhibit 6, q6) and non-profit groups (68%, Exhibit 6, q7).
- They believe Internet service providers should give free advertising to charities (65%, Exhibit 6, q8) and regularly post public service announcements (59%, Exhibit 6, q9).

OPEN COMMUNICATIONS NETWORKS

The public strongly supports open communications networks. Open networks not only ensure the free flow of information, but they keep citizens in the decision-making role.

- Respondents do not want to be forced to use the Internet service provider (ISP) affiliated with their cable company (89% vs. 11%, Exhibit 1c, q12) or to be forced to pay more for the privilege of choosing an ISP not affiliated with their cable company (78% vs. 22%, Exhibit 1c, q13).
- They do not want search engines to give preferential placement to their advertisers (65% vs. 35%, Exhibit 1c, q14) or to speed up access to companies that advertise with them (64% vs. 35%, Exhibit 1c, q15).
- They do not want their media equipment (TVs, DVDs, CD players) to restrict their ability to copy and replay content (49% vs. 31%, Exhibit 7).

Respondents want to control the collection of data (Exhibit 8).

- They want to decide whether data on their usage is collected (49%) or to ban such data collection altogether (20%).
- Respondents express little support for approaches that put network operators in control, like collecting data until the consumer says stop (7%) or just providing a warning that data is being collected (13%).
- Over 70% of respondents do not want cable operators (Exhibit 9, q1) or Internet service providers (Exhibit 9, q4) to track their activity. If such tracking takes place, for both cable operators (Exhibit 9, q2, q3) and Internet service providers (Exhibit 9, q5, q6), approximately 90 percent want to be informed and have the option of blocking such tracking.

ENDNOTES

¹ As the *Washington Post* (February 24, 2002). Noted a few days after a court ruling sent several long-standing limitations on the ability of a single company to own different media outlets back to the FCC for reconsideration under the headline *Narrowing the Lines of Communications?*

It is only a matter of time before nearly all barriers to cross-ownership in the media industry are lifted... In major metropolitan areas it may be possible, even common, for one giant corporation to own the dominant newspaper, the cable television monopoly, a local broadcast station, several radio stations and even the dominant Internet access provider. The decisions will give added support to FCC Chairman Michael K. Powell, who views such restrictions as anachronisms in an era of Internet, broadband and satellite technology... Any excess concentration, Powell argues, can be handled by the Justice Department in its traditional role as enforcer of the antitrust laws

² Chairman Powell has made his personal agenda so clear that even appeals court Judge has been driven to comment on his widely publicized preferences (e.g. Judge Sentelle, Concurring and Dissenting in Part," *Sinclair Broadcast Group, Inc. v. Federal Communications Commission*, April 2, 2002) and well-respected newspapers routinely score decisions on the extent to which they further the Chairman's private agenda:

While technically a defeat for the Commission, which was the defendant in the case, the decision was a political victory for its Chairman, Michael K. Powell...Mr. Powell has already expressed skepticism about the rules and is in the middle of a review of them that experts predict will lead to their substantial modification in favor of the regional Bell Companies (Labaton, Stephen, "U.S. Appeals Court Order Is Victory for Regional Bells," *New York Times*, May 25, 2002).

³ Chairman Powell wasted little time in showing lack of concern about the existence of competition to discipline market power stating in his first press conference as Chairman that

"I don't see deregulation as the dessert you serve after people eat their vegetables-a reward...I fundamentally disagree with the idea that deregulation is something to be handed out only after competition is found to exist (Press Conference February 8, 2001).

Just two months earlier he had expressed his preference for deregulation and a narrow view of consumer protection under the guise of stimulating innovation ("The Great Digital Broadband Migration," *Progress and Freedom Foundation*, December 8, 2000).

And it is the unleashing of the power of "creative destruction," the phrase coined by the late great economist Joseph A. Schumpeter, who is celebrated increasingly as the father figure of the New Economy. Schumpeter saw that technological change "incessantly revolutionizes the economic structure from within." Rather than talk of "reform," a relatively pedestrian, incremental notion, we need to consider the Schumpeterian effect on policy and regulation...

At its root, however, this Schumpeterian call for deregulation is basically a defense of monopoly, a sentiment that has made its way explicitly into a recent Commission notice

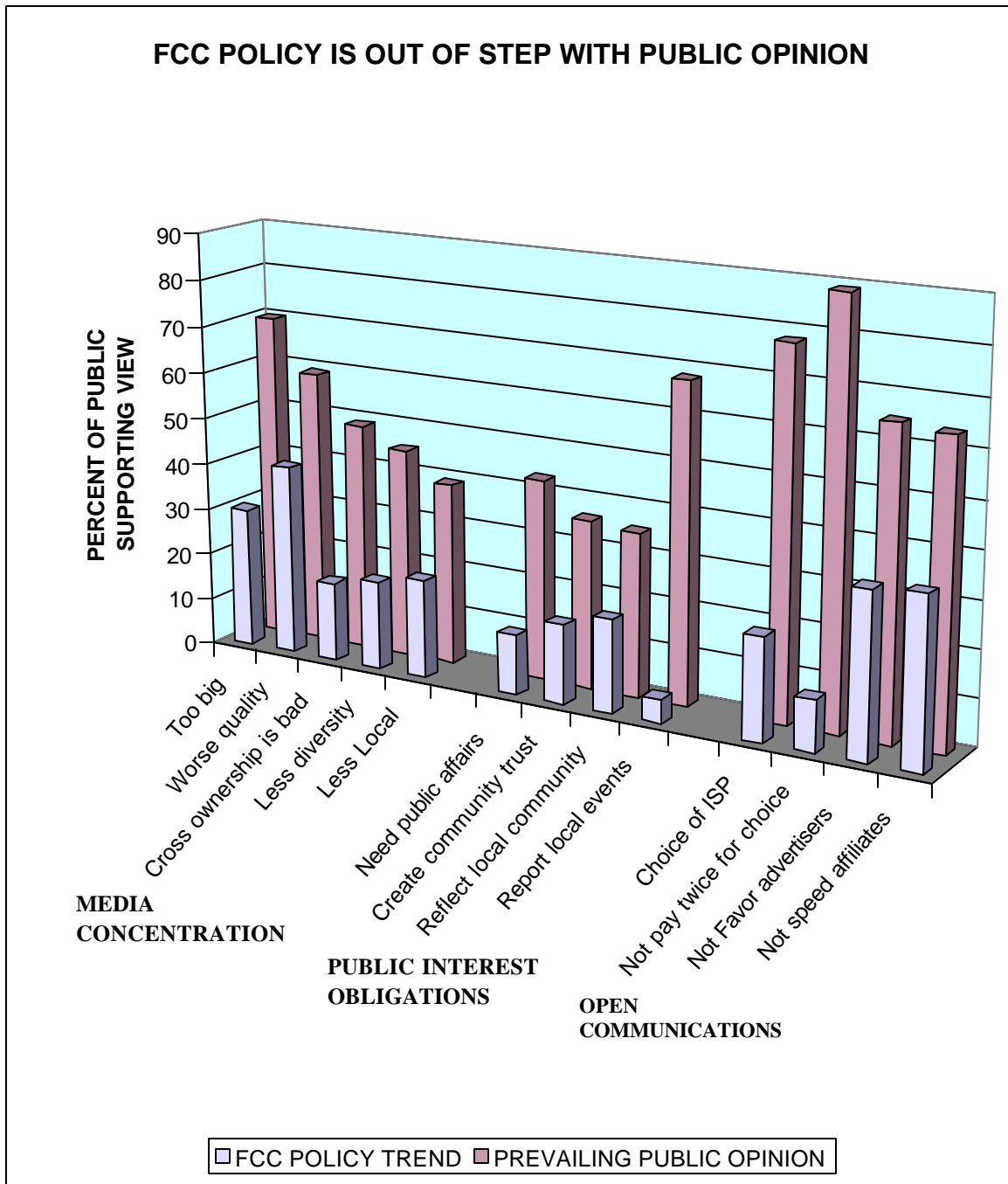
"[s]ome economists, most notably Schumpeter, suggest that monopoly can be more conducive to innovation than competition, since monopolists can more readily capture the benefits of innovation." "Further Notice of Proposed Rulemaking," *In the Matter of Implementation of Section 11 of the Cable Television Consumer Protection and Competition Act of 1992, Implementation of Cable Act Reform Provisions of the 'Telecommunications Act of 1996, The Commission's Cable Horizontal and Vertical Ownership Limits and Attribution Rules, Review of the Commission's Regulations Governing Attribution of Broadcast and Cable MDS Interests, Review of the Commission's Regulations and Policies Affecting Investment in the Broadcast Industry, Reexamination of the Commission's Cross-Interest Policy*, CS Docket Nos. 98-82, 96-85; MM Docket Nos. 92-264, 94-150, 92-51, 87-154, September 13, 2001, para. 36.)

Soon thereafter, Schumpeter, with his pro-monopoly leanings, turned up in the driving force in the FCC's strategic plan as the "father of the new economy."

⁴ Powell, Michael, K., *The Public Interest Standard: A New Regulator's Search for Enlightenment*, 17th Annual Legal Forum on Communications Law, Las Vegas, April 5, 1998.

⁵ *In the Matter of Appropriate Framework for Broadband Access to the Internet Over Wireline Facilities Universal Service Obligations of Broadband Providers Computer III Further Remand Proceedings: Bell Operating Company Provision of Enhanced Services; 1998 Biennial Regulatory Review – Review of Computer III and ONA Safeguards And Requirements*, Federal Communications Commission, CC Dockets Nos. 95-20, 98-10, February 15, 2002. *In the Matter of Inquiry Concerning High-Speed Access to the Internet Over Cable and Other Facilities Internet Over Cable Declaratory Ruling Appropriate Regulatory Treatment for Broadband Access to the Internet Over Cable Facilities*, GN Docket No. 00-185, CS Docket No. 02-05, March 15, 2002.

EXHIBIT 1:



SOURCES AND NOTES: See next page.

**EXHIBIT 1a:
MEDIA CONCENTRATION**

	RESPONSE	%	
1. Media companies are getting too big:	Definitely disagree	1	5
		2	7
		3	19
		4	31
		5	24
	Definitely agree	6	15
			} FCC
			} Public
2. Mergers between media companies provide better content and services:	Definitely disagree	1	12
		2	16
		3	30
		4	31
		5	8
	Definitely agree	6	2
			} Public
			} FCC
3. For you and your community, how would it be to allow TV companies to own more than one station and to own newspapers in one market:	Very good		4
	Somewhat good		13
	No difference		30
	Somewhat bad		25
	Very bad		24
			} Public
4. If these mergers take place, editorial viewpoints would become:	Much more diverse		7
	A little more diverse		12
	Stay the same		19
	A little less diverse		19
	Much less diverse		26
			} Public
5. If these mergers take place, varieties of points of view in covering local news would:	Decrease a lot		21
	Decrease a little		18
	Stay the same		36
	Increase a little		13
	Increase a lot		5
			} FCC
6. Intentionally left blank			

SOURCE: Q1-Q2: *Digital Media Forum Survey Findings on Media Mergers and Internet Open Access*, September 13, 2000. Q3-5: Consumer Federation of America, *Media Policy Goals Survey*, September 2002, Percentages may not sum to 100 due to rounding and the fact that “Don’t Know” responses are not included in the Exhibit.

**EXHIBIT 1b:
PUBLIC INTEREST OBLIGATIONS OF TELEVISION**

	RESPONSE	%
7. How important are each of the following public services to you? Producing public affairs programs that discuss local issues	Not at all	13 →FCC
	Somewhat	43
	Very	43 →Public
8. How important are each of the following public services to you? Creating a public or community broadcasting trust fund to support public programs:	Not at all	17 →FCC
	Somewhat	43
	Very	36 →Public
9. How important are each of the following public services to you? Producing shows that reflect the cultural and ethnic make-up of your local community:	Not at all	20 →FCC
	Somewhat	42
	Very	35 →Public
10. How important are each of the following public services to you? Reporting on local news and events:	Not at all	5 →FCC
	Somewhat	25
	Very	68 →Public
11. Intentionally left blank		

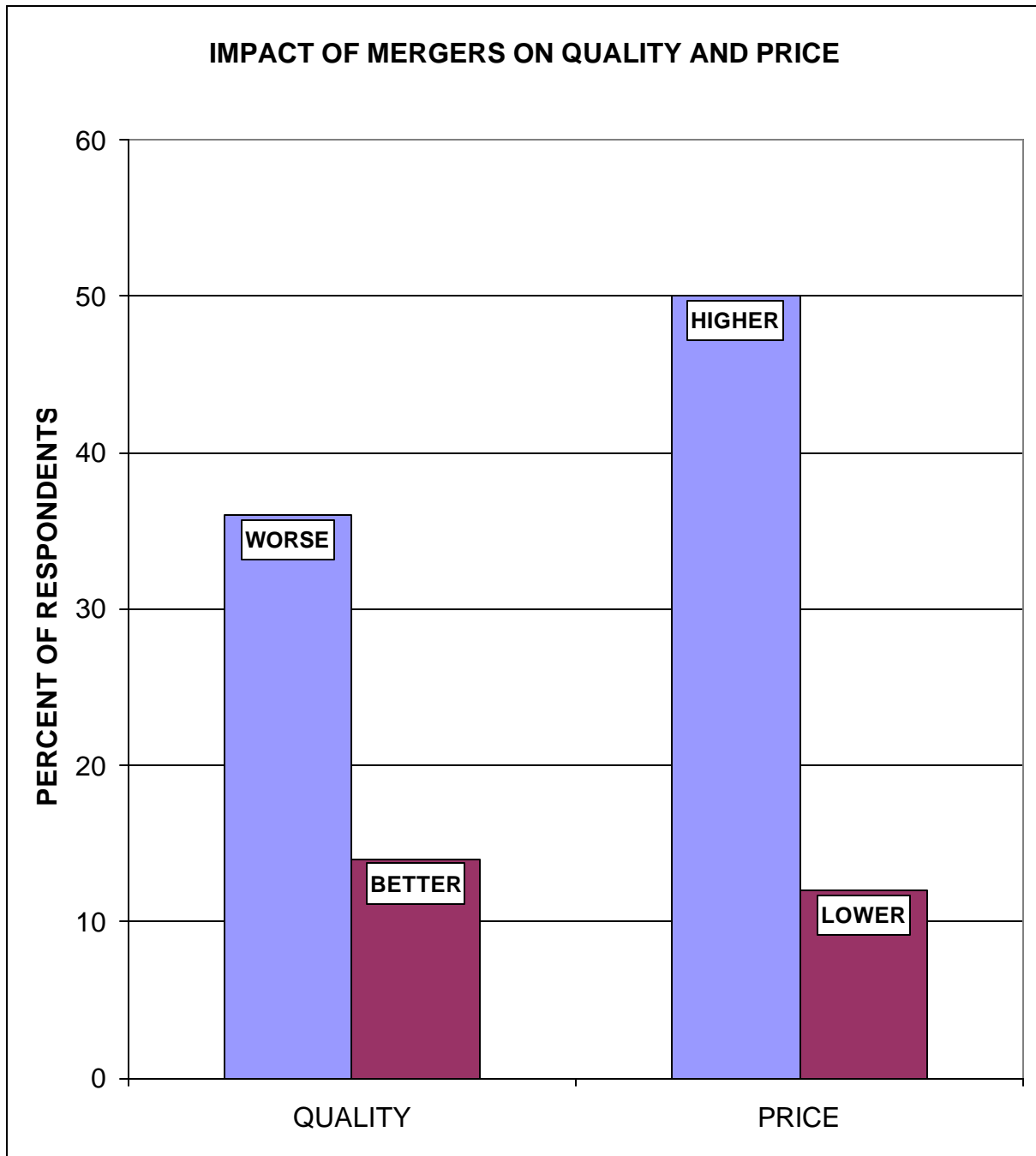
SOURCE: Consumer Federation of America, *Media Policy Goals Survey*, September 2002. Percentages may not sum to 100 due to rounding and the fact that “Don’t Know” responses are not included in the Exhibit.

**EXHIBIT 1c:
OPEN COMMUNICATIONS**

12. I shouldn't have to use the Internet service affiliated with my cable company:	Definitely disagree	1	3	}	FCC
		2	2		
		3	6	}	Public
		4	25		
		5	27	}	Public
	Definitely agree	6	38		
13. I shouldn't have to pay my cable company extra to use the Internet service provider I prefer:	Definitely disagree	1	5	}	FCC
		2	5		
		3	11	}	Public
		4	25		
		5	24	}	Public
	Definitely agree	6	30		
14. Search engines should not give preferred placement to their advertisers:	Definitely disagree	1	5	}	FCC
		2	7		
		3	23	}	Public
		4	35		
		5	18	}	Public
	Definitely agree	6	13		
15. Search engines should not speed up access to companies that advertise with them:	Definitely disagree	1	6	}	FCC
		2	6		
		3	24	}	Public
		4	35		
		5	16	}	Public
	Definitely agree	6	14		

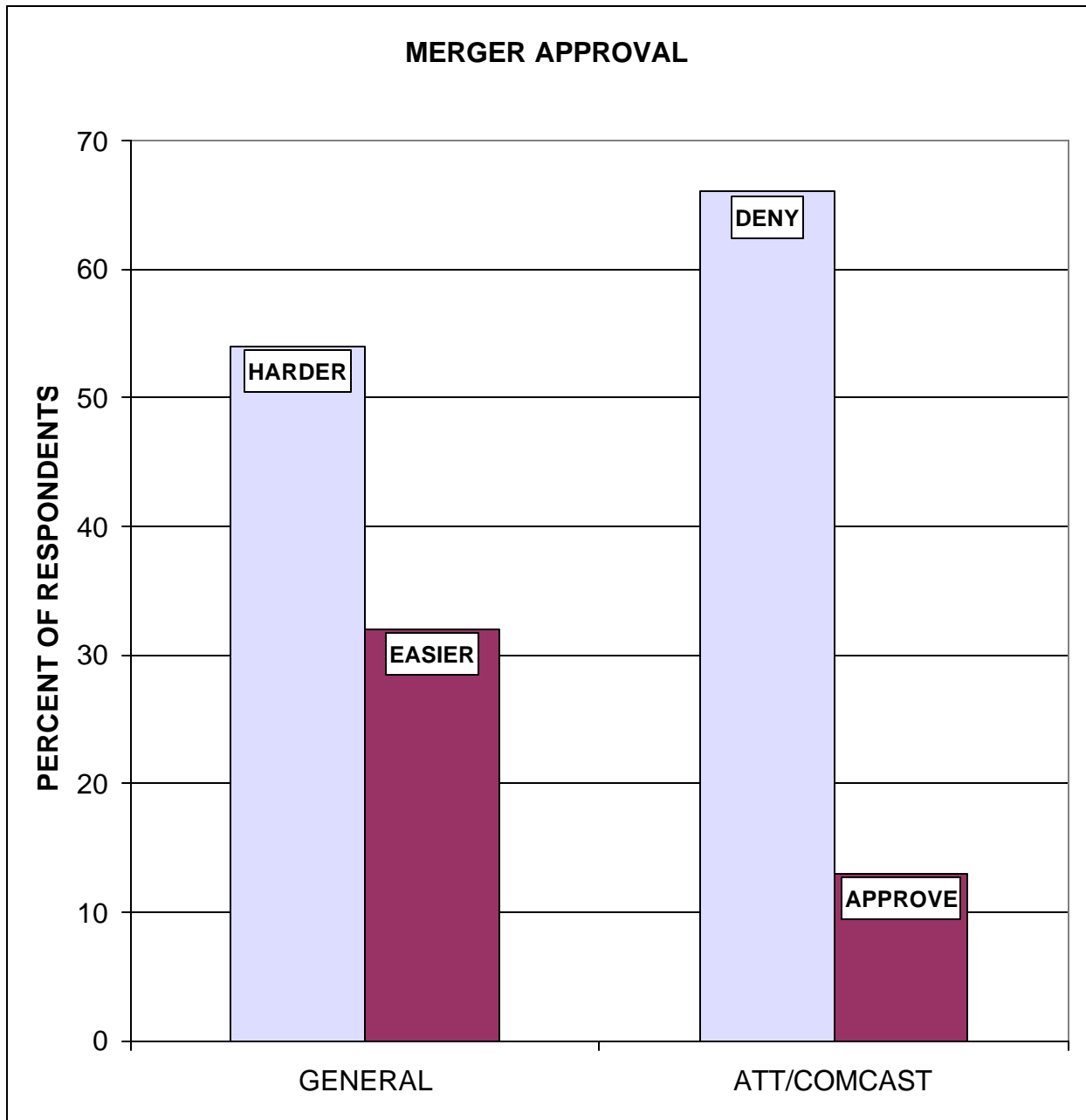
SOURCE: *Digital Media Forum Survey Findings on Media Mergers and Internet Open Access*, September 13, 2000. Percentages may not sum to 100 due to rounding and the fact that "Don't Know" responses are not included in the Exhibit.

EXHIBIT 2:



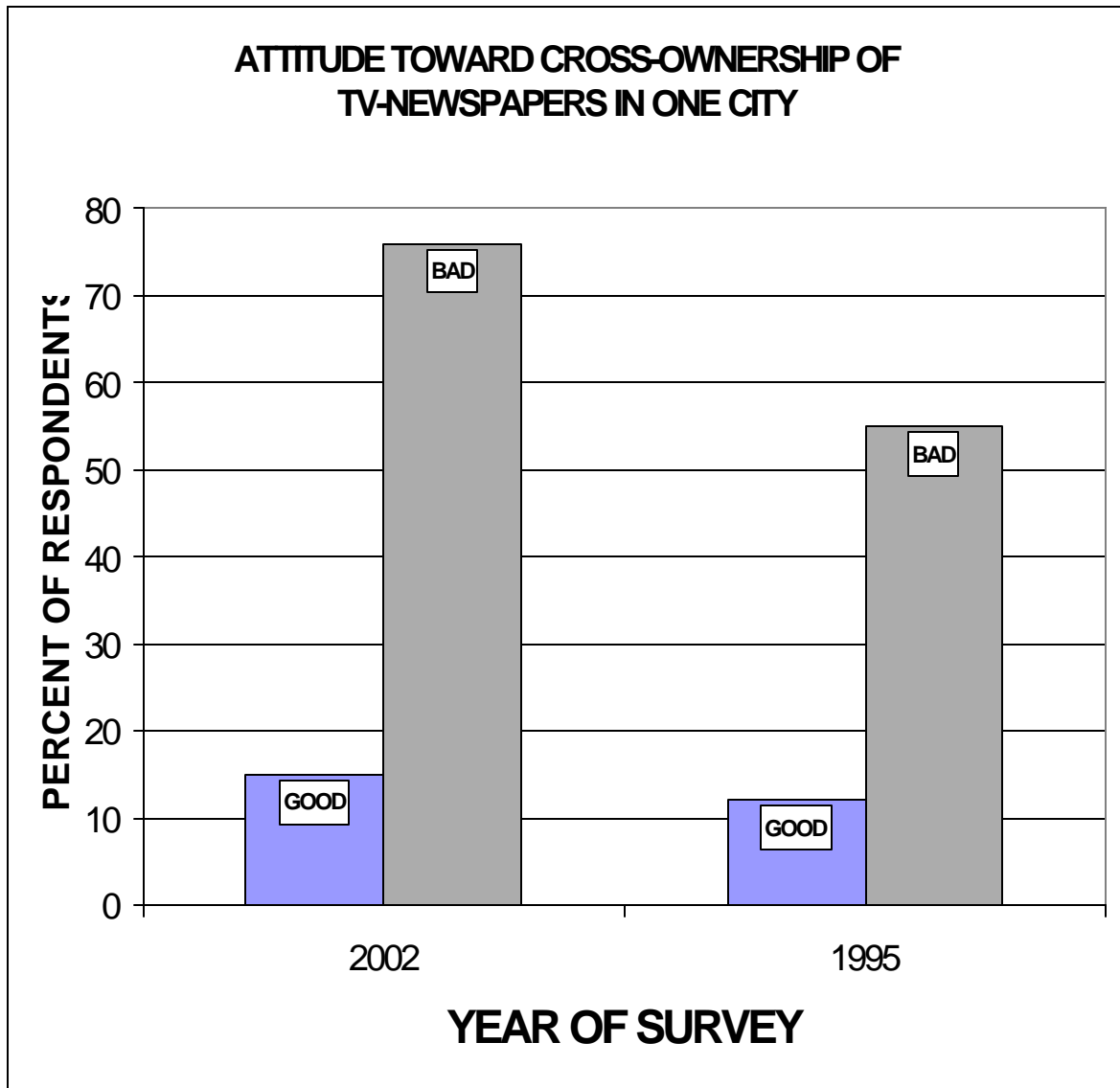
SOURCES: *Mergers and Deregulation on the Information Superhighway: The Public Takes a Dim View: Results of a National Opinion Poll* (Consumer Federation of America and Center for Digital Democracy September 1995).

EXHIBIT 3:



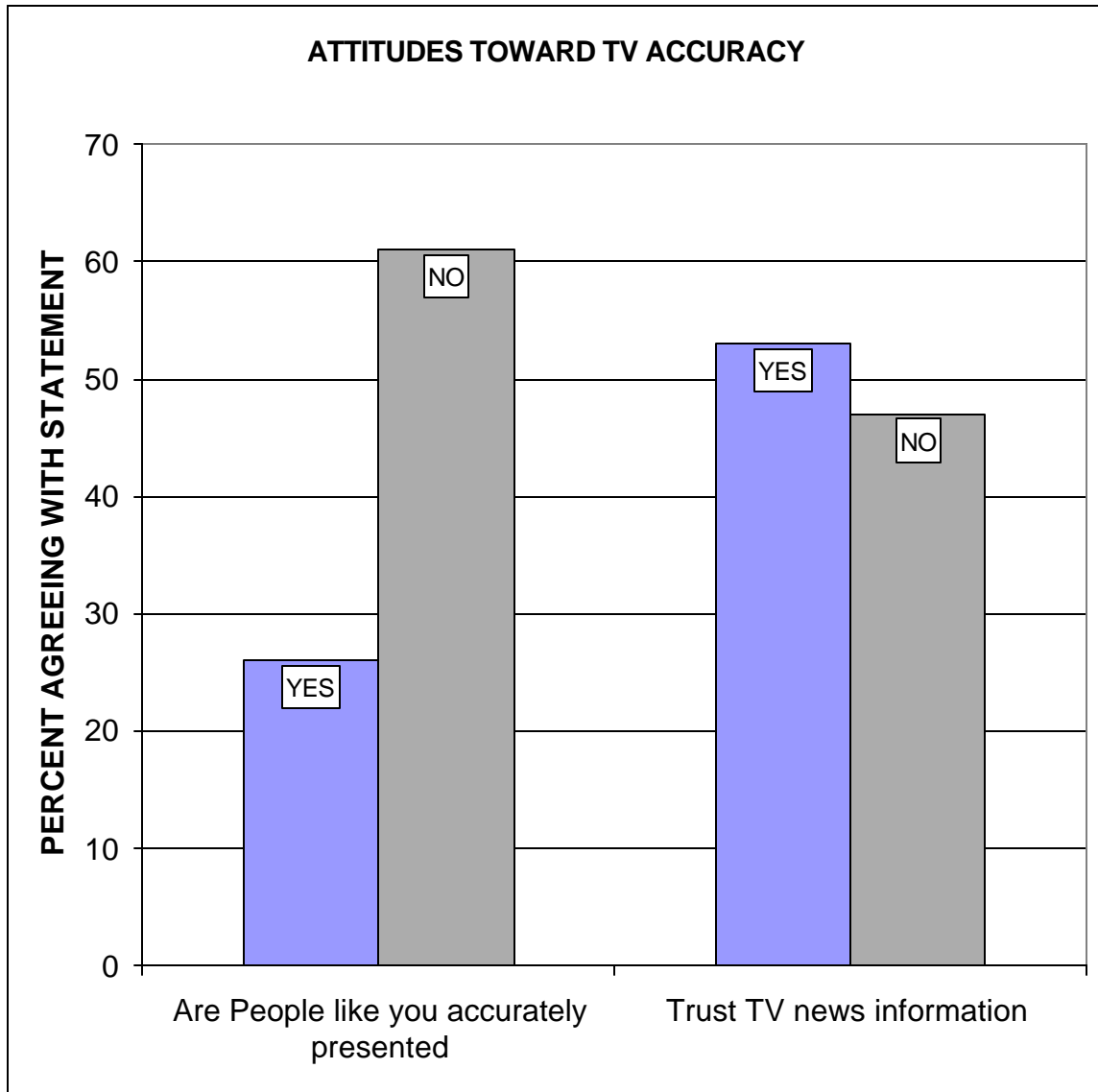
SOURCES: *Mergers and Deregulation on the Information Superhighway: The Public Takes a Dim View: Results of a National Opinion Poll* (Consumer Federation of America and Center for Digital Democracy September 1995), Laurer Research, *Cable/Satellite Television Survey*, March 2002.

EXHIBIT 4:



SOURCES: *Mergers and Deregulation on the Information Superhighway: The Public Takes a Dim View: Results of a National Opinion Poll* (Consumer Federation of America and Center for Digital Democracy September 1995), Laurer Research, *Cable/Satellite Television Survey*, March 2002.

EXHIBIT 5:



Source: *Digital Media Forum Survey Findings on Media Mergers and Internet Open Access*, September 13, 2000. *Project on Media Ownership, People for Better TV, Findings of a National Survey*, Lake Snell Perry & Associates, May 1999. Percentages may not sum to 100 due to rounding and the fact that “Don’t Know” responses are not included in the Exhibit.

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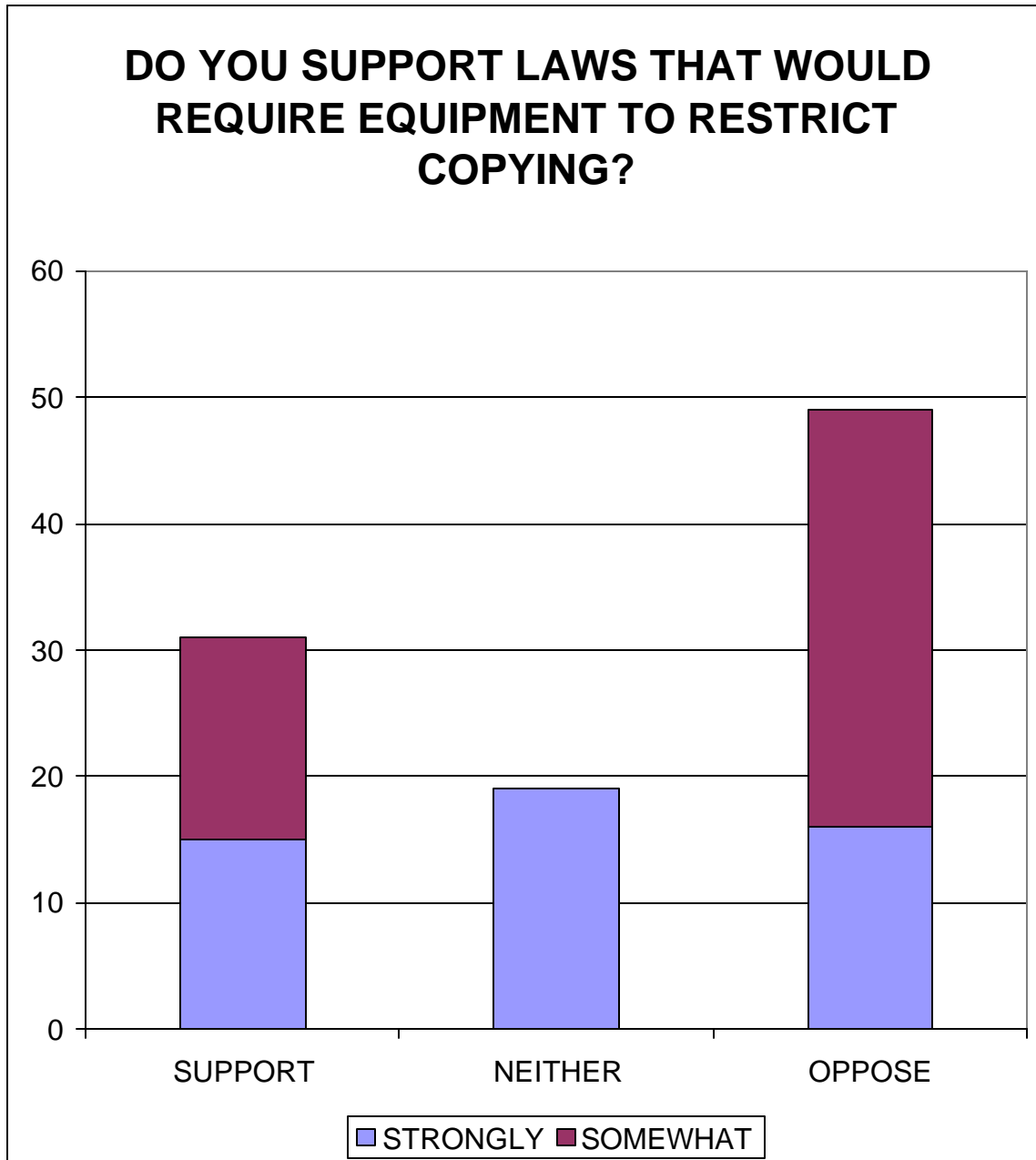
EXHIBIT 6:

BROAD CONCERN FOR PUBLIC INTEREST OBLIGATIONS

	AGREE	DISAGREE
If unregulated, digital broadcasters will use the airwaves only to maximize profits.	63	37
Broadcasters should be required to air more educational programming.	70	30
Some new digital channels should be dedicated to educational programming.	85	15
Some sections of the Internet should be commercial free.	82	18
Some sections of the Internet should be protected from commercial development.	77	23
Some sections of the Internet should be devoted to providing public forums.	72	28
Some sections of the Internet should be devoted to non-profit groups.	68	32
Internet service providers should regularly post public service announcements.	65	35
Internet service providers should give free to charities.	59	41

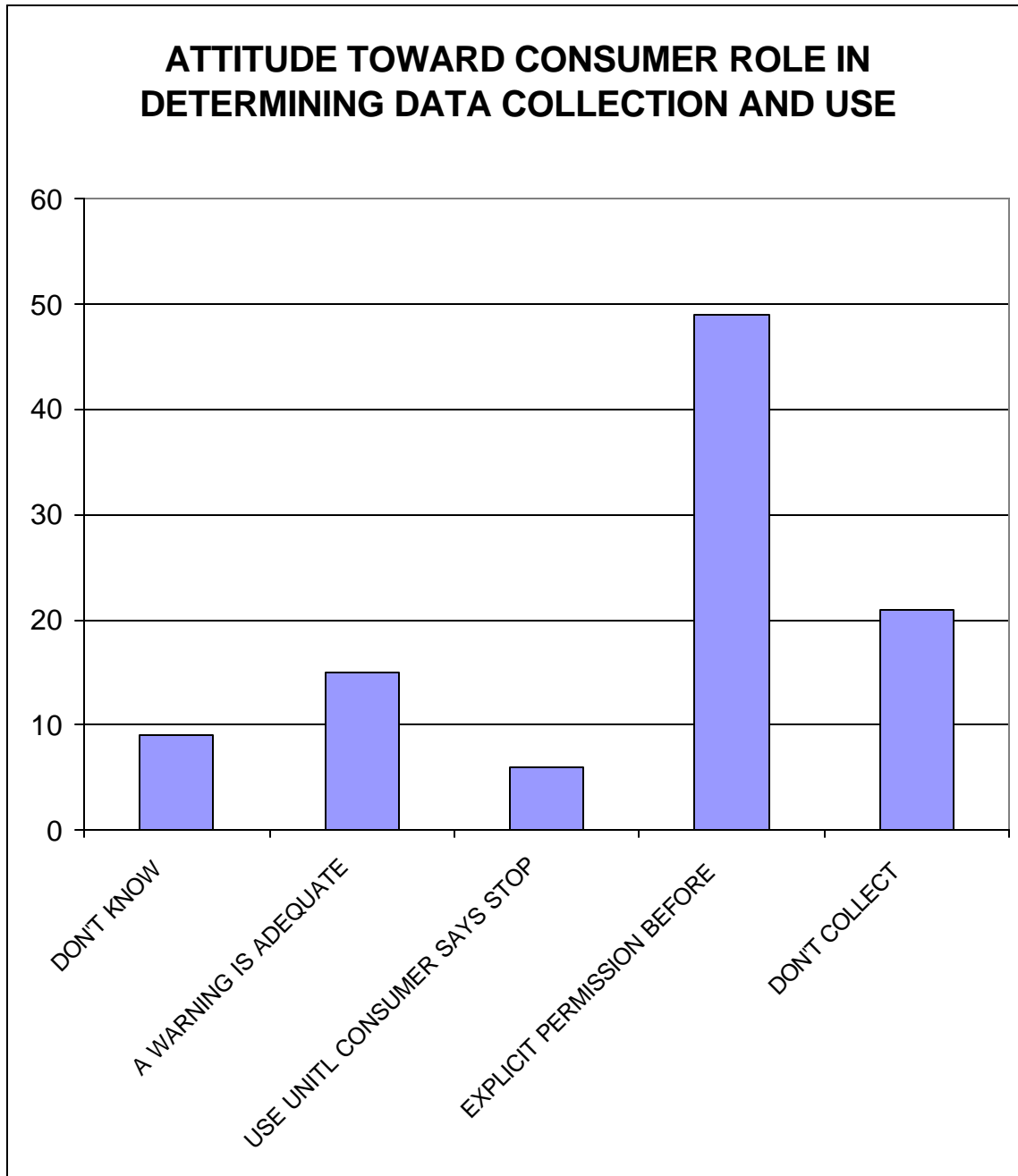
SOURCE: *Digital Media Forum Survey Findings on Media Mergers and Internet Open Access*, September 13, 2000. Percentages may not sum to 100 due to rounding and the fact that "Don't Know" responses are not included in the Exhibit.

EXHIBIT 7:



SOURCE: Consumer Federation of America, *Policy Goals Survey*, September 2002.

EXHIBIT 8:



SOURCE: Consumer Federation of America, *Policy Goals Survey*, September 2002.

EXHIBIT 9:

BROAD CONCERN FOR PUBLIC INTEREST OBLIGATIONS

	AGREE	DISAGREE
Cable companies should be allowed to track how individuals use the web.	27	73
Cable companies should alert users if they are collecting usage information.	90	10
I should have the option to prevent cable companies from tracking my Internet use.	89	11
Internet services should be allowed to track how individuals use the web.	29	71
Internet service providers should alert users if they are collecting usage information.	87	13
I should have the option to prevent Internet services from tracking my Internet use.	88	12

SOURCE: *Digital Media Forum Survey Findings on Media Mergers and Internet Open Access*, September 13, 2000. Percentages may not sum to 100 due to rounding and the fact that "Don't Know" responses are not included in the Exhibit.