

## Introduction

Walter Cronkite said: “While TV pulls the big audience, it’s still radio that’s there virtually every place, all day, all night. It’s radio that’s there when disaster strikes” (Schulberg & Schulberg, 1996, p. 1).

“The struggle in America’s media system [is] between those seeking centralized control over the concerns of news and how it gets transmitted, and those advocating local autonomy and centralized transmission” (González & Torres, 2011, p. 375). This is the very nature of efficient capitalism versus free speech democracy. Andrew Hamilton wrote: “Power may justly be compared to a great river, while kept within its due bounds is both beautiful and useful; but when it overflows its banks it is then too impetuous to be stemmed, it bears down all before it and brings destruction and desolation wherever it comes” (González & Torres, 2011, p. 26). The debate boils down to two arguments: “free market vs. public good” that is capitalism vs. democracy, and “the role of a public good in a free market,” that is the role of democratic principles in a capitalistic society.

It is helpful to think of media in several different terms. First, in terms of institutional choice for media and which industry a company can be in there are three options. Government supported, For-Profit and Nonprofit. The nonprofit sector is often called the third sector. Second, There is a fourth estate. Media is a type of check and balance not thought of as a branch of government. Third media can engage profits in a different way than For-Profit which is focused on the short term and Government which has a responsibility to care for citizens. Nonprofit media can engage the polity about long term investment journalism also called investigative

journalism. The purpose of this paper is to further explore the nonprofit vision for radio and understand where Nonprofit as a sector stands/operates in the U.S. media system.

## Government

Many think that government should not be a transmit news itself because its undemocratic and can lead to state control of public messages. This is true. “A 2003 international study found that the level of corruption in a country is largely influenced by how well informed the electorate is... The study also showed that states that had a vibrant press were less corrupt than those that did not” (Waldman, 2011, Loc. 6795). Government is needed to guide an environment that will balance capitalism vs. democracy. “Democracy implies autonomous rule by the people. People cannot decide autonomously if they are not adequately informed. [Additionally], they cannot decide freely if government controls the flow of information they receive” (Cohen, 2005, p. 144). Jay Harris writes: that “The choice between popular information and disinformation is the choice between democracy and fascism” (Cohen, 2005, p. 90).

Media is a public good. Often it is referred to as the fourth estate. A type of “fourth government.” The value of ‘public goods’ to a healthy society is not always readily apparent, “and there is the fact that most advertisers do not like to associate their brands with controversial or less popular content, so they are unlikely to pay premium rates” (Waldman, 2011, Loc. 4053). Big media can cause problems. What happens is “media companies are not willing to jeopardize their symbiotic relationships with the... government” (Cohen, 2005, p. 26). However government is surely needed because without subsidies news would not exist. In the early days of the United States, in order to promote free speech, “the federal government... subsidized the growth of newspapers... wherever costs exceeded revenue, Congress was ready to step in with direct public financing” (González & Torres, 2011, p. 33).

One problem is that Big Government has gotten in bed with Big Media:

The corporate media's recent coverage of Haiti is an example of how the new American censorship works. If news stories contradict the official sources of news, they tend to be downplayed or ignored. Corporate/Mainstream media has become dependent upon the press releases and inside sources from government and major corporations for their twenty-four-hour news content and are increasingly unwilling to broadcast or publish news that would threaten ongoing relationships with official sources (Cohen, 2005, p. 39).

In regards to the Iraq war:

According to Federation for American Immigration Reform (FAIR), 'at a time when 61 percent of US respondents were telling pollsters that more time was needed for diplomacy and inspections, only 6 percent of US sources on the four networks were skeptics regarding the need for war' (Cohen, 2005, p. 85).

The current state of affairs is shocking: "Government [in the USA]... initiates most of the news [that go out in press releases]. In the detailed examination of six major storylines, 63 percent of the stories were initiated by government officials, led by the police. Another 14 percent came from the press. Interest group figures made up most of the rest" (Waldman, 2011, Loc. 1150).

### **Corporation for Public Broadcasting**

The government also does provide some direct funding to media. This is funneled through the Corporation for Public Broadcasting. The "CPB...[is] a semi-private organization... composed of nine U.S. citizens [much like the Federal Reserve]... The directors are appointed by the president with the consent of the Senate for six-year terms, with the proviso that a maximum

of five directors may be ‘of the same political party’” (Waldman, 2011, Loc. 9138). “Some have come to think of public broadcasting as largely taxpayer supported, even though only about 15 percent of public radio’s money comes from the taxpayer-financed Corporation for Public Broadcasting (CPB)” (Waldman, 2011, Loc. 5467). Of course, there are lots of restrictions when using government money and being part of the Corporation for Public Broadcasting is no different:

The lion’s share of the federal CPB appropriation—is distributed through Community Service Grants (CSG) according to formulae that consider the size of a station, the amount of non-federal dollars the station is able to raise, the extent to which the station provides sole service to a community, and other factors, including programming differentiation (Waldman, 2011, Loc. 4197).

Often there is only one Corporation for Public Broadcasting affiliate in any one city.

## **Nonprofit**

Large nonprofit media which is currently largely under the Corporate for Public Broadcasting umbrella in the United States is under attack:

Companies like AT&T, Verizon, Comcast, and Time Warner have spent years cultivating close relationships with the main national Civil Rights organizations. They have hired scores of well-connected staffers of color to lobby these organizations, and have showered campaign contributions on key minority members of Congress. Most importantly, they have donated millions of dollars to support the work of the Civil Rights groups, bankrolling their annual conferences, financing scholarships for minority youth, even underwriting the general operations of several groups (González & Torres, 2011, p. 372).

## For-Profit

Most organizations that do news media in the USA are for-profit. In the radio business no one is bigger than Clear Channel. “Clear Channel, the nation’s largest radio station owner, has gone from owning just forty-four radio stations to a network of over 1200 [out of 14,547]” (Cohen, 2005, p. 26). They usually own the largest stations in town. “Clear Channel... [alone] makes a quarter of all US radio industry revenue” (Cohen, 2005, p. 271).

Opposition to consolidation has come in the form of arguments regarding political ties, being fair and balanced, and vested interests corrupting the media. (Cohen, 2005, p. 18-20, 42). One example that personifies this concern is: “when the lead singer for the Dixie Chicks, Natalie Manes, criticized President Bush over his decision to invade Iraq without UN or even NATO support, Clear Channel pulled the Chicks from the playlist on all twelve hundred of its stations” (Cohen, 2005, p. 227).

Clear Channel not only controls radio. They also control other outlets for free speech. “The top two radio operators (Clear Channel and Infinity) do more business than the next twenty-five station groups combined. These companies also control concert venues, ticket sales, and promotion” (Cohen, 2005, p. 227). Clear Channel and Infinity together “control one-third of all radio advertising revenue, and up to 90 percent in some markets” (Cohen, 2005, p. 268).

Why do we care how big they are? Because: “forcing unwilling corporations to engage in socially positive behavior is extremely difficult if the corporation really does not see benefit from the behavior” (Cohen, 2005, p. 204). Because of the nature of capitalism money often flows to the bottom line. “Savings and efficiencies produced by mergers could well lead the merged company to invest ‘significantly in newsroom operations’—or the money saved could flow to the bottom line, and lead to a decline in journalistic resources” (Waldman, 2011, Loc. 8813). If we care about democracy then we should care how much “capitalism” is persuading people opinions

from free speech. Although capitalism and democracy don't have to be on a continuum/zero-sum game, but often they are.

Media power in the wrong hand can also lead to other problems. It can lead to things like “racial bigotry” (González & Torres, 2011, p. 49) and “rising rates... [because] ‘As competition disappears, survivors raise ad rates’ (Waldman, 2011, Loc. 946).” For example in the newspaper industry “Between 1965 and 1975, ad rates rose 67 percent... but between 1975 and 1990, as more newspapers became monopolies, rates skyrocketed 253 percent (compared with 141 percent for general consumer prices)” (Waldman, 2011, Loc. 946). Big Media also “wants favors from government including preferential access to broadcast spectrum, easier license renewals, less regulation, and, of course, permission to consolidate still further. Their reporters need access to industry leaders and government officials – access that can be denied if coverage isn't appropriately deferential” (Cohen, 2005, p. 84).

The public knows that this is a bad situation for news. “When Lou Dobbs asked his CNN audience in late 2003 if ‘big media companies should be broken up,’ five thousand people responded and a whopping 96 percent agreed” (Cohen, 2005, p. 132). Unchecked syndication is often harmful. “Radio stations carry syndication and what this does is limit our voices—it also limits jobs for people of color and others who want to work in radio, in urban radio. Syndication has not only caused a disproportionate loss of industry jobs, but more importantly, stifled news and information to local communities” (Waldman, 2011, Loc. 6852). “Under consolidation... everything is Velveeta” (Cohen, 2005, p. 275). “Now we have people at Urban stations that don't know anyone in the community” (Cohen, 2005, p. 275).

Advertisers take one category and make many different products out of it. Thus they justify having many radio stations that play essentially the same thing. “Adult Contemporary

(AC) [genres]... overlap as much as 76 percent between formats... Networks... routinely operate two or more stations with the same format in the same community” (Cohen, 2005, p. 277).

Again, “homogenized music and entertainment from huge conglomerates constrains creativity, suppresses local talent, and detracts from the great tapestry of our nation’s cultural diversity” (Waldman, 2011, Loc. 8204).

### **Justice Issues**

A free press is what makes democracy work and the free press is usually a loss leader in terms of dollars. “Cover[ing] schools and city councils, police and courts, suburban developments and urban neighborhoods, local elections and statehouses, for instance, are thought to provide information that is crucial to the functioning of the community—and even democracy” (Waldman, 2011, Loc. 1135). Part of a free press is not being constrained by capitalism. Family owned and nonprofit media companies can provide news that cannot be provided by Big Media. “Public companies report their earnings quarterly, their management focus tended to be on the here and now of the ‘bottom line’ ... Certainly family owners want to make money, too, but their timelines are different... [they can] afford to think long range” (Waldman, 2011, Loc. 961).

### **How to Approach the FCC**

The FCC is vague in its handling of situations because of the First Amendment. That is, “any government policy has to live within and respect the essential constraints of [government control laid out in] the First Amendment” (Waldman, 2011, Loc. 9790). Therefore a bureaucratic system has been formed that has no checks and balances. “The FCC requires stations to keep lists of programs—but the regulators do not read those lists. The FCC invites community groups to challenges to licenses—and then rejects nearly 100 percent of those challenges. The FCC says

that stations have an obligation to serve their communities but then offers no definition of what that means” (Waldman, 2011, Loc. 8239). This is akin to throwing your hands up in the air and saying “I don’t know.”

In regards to programming, the FCC has taken a view that the First Amendment “prohibit[s] the government from favoring any one speaker or form of expression over another or from intervening too much” (Cohen, 2005, p. 188).

The record is clear “during the FCC’s more than 75 years in existence, it has granted well over 100,000 license renewals; only in four cases was a renewal application denied because the licensee failed to meet its public interest programming obligation” (Waldman, 2011, Loc. 7996). The result? “[I]f the FCC is not going to do anything when citizens complain, then citizens will lack the incentive to monitor and participate” (Waldman, 2011, Loc. 8045).

One positive example that community democracy groups can point to is “children’s programming requirements—the one remnant of public interest requirements still on the books—helped enhance kids’ programming. now it is time to put news and information front-and-center” (Waldman, 2011, Loc. 8192).

In summary, “generally, the FCC need only justify its decision on the grounds that the decision will ‘serve the public interest.’ This broadness of standard, while useful to convey authority to act, also allows the FCC tremendous leeway when it does not” (Cohen, 2005, p. 206).

### **The Media Industry Going Forward**

Partnerships are the most common business strategy being approached today in media. TV is exploring many ideas and radio could potentially use some of them. Firstly, recently for-profits have teamed up with nonprofits. For example, “ProPublica, a nonprofit investigative

entity, has partnered on various projects with ABC, CNN, CNBC, and CBS's 60 Minutes" (Waldman, 2011, Loc. 2388). Another recent TV development is that:

On November 13, 2008, NBC and FOX affiliates announced a plan to begin sharing cameras crews in order to slash costs in markets like Philadelphia, Los Angeles, New York, Washington, Dallas, and Chicago—creating what they called “a local news service (LNS)... Each station donates an assignment editor and three crews in a rotating arrangement. Each morning, the LNS assignment editor-of-the-day informs the stations what the LNS will be covering. (Waldman, 2011, Loc. 2697).

Of course this plan has drawbacks. This may limit costs but it also limits how many eyeballs are covering the news. That is, investigative reporting suffers. “if you're talking about a trial when the camera's in the courtroom recording the testimony of a witness—that makes sense for a pool. But when it's a story about the summer jobs program that the mayor is going to be talking about, it's not just the head bite of the mayor... it's all the ancillary information” (Waldman, 2011, Loc. 2725) that's important. This includes people reactions, people hiding in the back, body gestures etc. Another problem is reporters being disconnected from what they are covering. “Pew's State of the News Media 2004 report found that much international network coverage was “actually camera work shot by freelancers with voiceover from a correspondent at the nearest bureau.” In other words, the reporters narrating the story did not [even] observe the scenes they were describing and were not on scene to interview eyewitnesses and other important sources” (Waldman, 2011, Loc. 6626). This can lead to an unrealistic worldview which leads to bad decision making.

Another current example of for-profits teaming up with nonprofits is in San Diego, CA. “Journalists from voiceofsandiego.org regularly appear on the local news station, NBC 7, to

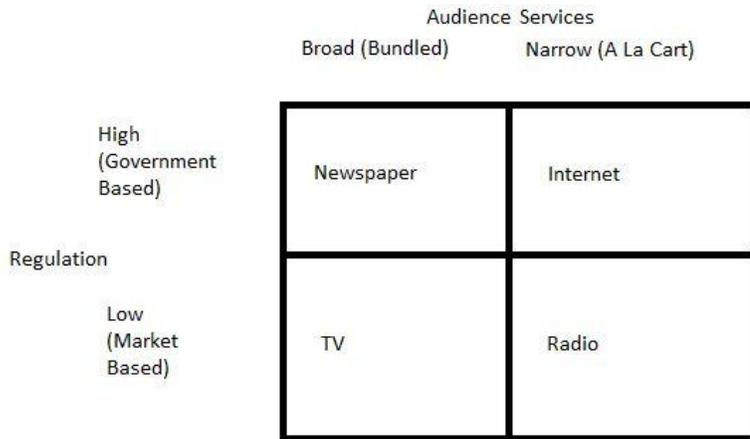
discuss local issues. This could be a promising model” (Waldman, 2011, Loc. 5295). Another model is open-sourcing or sub-contracting nonprofits. The “Huffington Post [started the] Investigative Fund as a separate nonprofit, instead of making it part of the main company, because that kind of journalism was just too expensive to support” (Waldman, 2011, Loc. 7423).

Another approach, find a high earner niche that hasn’t been met by Big Media., “National Journal has been hiring reporters aggressively... because its limited-circulation publication charges high subscription prices to lobbyists and lawyers in Washington” (Waldman, 2011, Loc. 6523).

### **Bird’s Eye View of how FCC deals with Media**

There is a distinct difference in how written media (newspapers and Internet) and broadcast (radio and TV) media are treated by government (see figure 1). Written media is highly regulated for free speech considerations. However, in broadcast media the government takes a more hands off approach and lets the market decide where the industry will go in terms of “free speech.” Therefore free speech as Jefferson would have considered, scaling from the “little guy to Big Media, it is largely only applicable in the written media. “Regulation of newspapers and Internet speech receive strict scrutiny, and thus the most protection from government intervention” (Cohen, 2005, p. 192). “By contrast to newspapers and websites, no one may speak using radio, television, or [satellite] frequencies without a license from the FCC” (Cohen, 2005, p. 193).

Figure 1 – Four Media Types BCB Chart



Because radio is left to defend itself in the capital market and is a niche service product offering, the ability to have fee-for service is often constrained to scaled enterprises.

## Considerations

The focus of Creuk Radio will be on the nonprofit model. Therefore we need to look more closely at considerations in this sector of media.

- For Low Power FM stations “the Commission’s localism rules, which require stations to be controlled by a board that is *broadly representative* [emphasis added] of the educational, cultural, and civic groups within the community” (Waldman, 2011, Loc. 9108).
- “Like NCE stations, LPFMs cannot sell advertising, but can make underwriting announcements. Currently, there are about 860 LPFM stations” (Waldman, 2011, Loc. 9237). “Subjects that cannot be mentioned in underwriting announcements include price information, such as discounts, rebates, and interest rates; calls to action; inducements to buy, sell, rent, or lease; and any language that states or implies favorable comparisons to other like businesses” (Waldman, 2011, Loc. 8908).

## Free Speech Restrictions for Nonprofits

There are two main restrictions for nonprofit media:

1. “The law... prohibits 501(c)(3) organizations from ‘publishing or distributing statements’ of candidates” (Waldman, 2011, Loc. 9366).
2. Fundraising for other entities is not allowed. For example, “the National Religious Broadcasters [organization] has asked for the ability to do fundraising for ‘local rescue missions in their listening areas’ and international relief organizations” (Waldman, 2011, Loc. 8967) because currently this is not allowed under the rules.

## Transmitting

How you broadcast matters, for example “A nonprofit TV show gets funding from the Corporation for Public Broadcasting if it is using over the-air broadcast spectrum but not if it is using satellite spectrum—and not if it is being streamed online” (Waldman, 2011, Loc. 770).

Satellite is not feasible: “Unlike the PEG system, in which programmers get paid, nonprofit programmers must, by law, pay satellite operators significant feed” (Waldman, 2011, Loc. 375).

Broadcasting on the internet costs a lot of money when scaling up:

As Bill Kling of American Public Radio explained: “We can reach 14 million people in Los Angeles with a transmitter that runs on 600 watts of power. if we tried to reach 14 million people with broadband . . . we’d be bankrupt. We spend now \$500,000 a year in our company alone on broadband spectrum in order to serve the audiences, and I don’t think everybody realizes that every time you download a podcast or stream audio . . . it’s a collect call to us. (Waldman, 2011, Loc. 1935).

## Conclusion

The government regulates the industry and tries to fill needs and provide the surest path to success for any corporation, after all we are a hybrid capitalistic/democratic society. Mostly broadcasting mediums have been left to capitalists while print mediums have been given to pursuits of democracy. The for-profit sector has profited hugely as new mediums of communication come out such as audio and video. Nonprofit has had a very small role in any type of media in terms of scale and scope other than the Corporation for Public Broadcasting.

At the worst “commercial colonization of program content is a craven effort to use the public airwaves without any regard for the operator’s responsibility to serve ‘ the public interest, convenience, and necessity’” (Cohen, 2005, p. 226). At the best synergies can be formed by sharing services and rolling costs savings into new journalistic pursuits. The public realizes that “intolerance for diversity in the media, no less than in government, is a recipe for anti-democratic, dictatorial regime” (Cohen, 2005, p. 22). Going forward being able to relate to the FCC on its terms, and with full knowledge of its history, will be helpful to addressing future communications policy issues in the United States.

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