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Old Rules, New Alliances

By Drew Clark, *Technology Daily*

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For at least a generation, the Washington Post Co. has had a cameo role in the drama over FCC licenses. So it's not surprising that its newest media venture -- Washington Post Radio -- poses new questions about media rules.

By the summer of 1972, the Washington Post had begun publishing stories linking the Watergate burglars to President Nixon's re-election campaign. Among the tools for retaliation at the White House's disposal was FCC license renewal.

"The main thing is the Post is going to have damnable, damnable problems out of this one. They have a television station," Nixon said on Sept. 15, 1972, according to a transcript of the Watergate tapes.

"That's right, they do," said John Dean.

"And they're going to have to get it renewed," said Nixon.

"They've got a radio station, too," offered up H.R. Haldeman.

Thus begins the remarkable saga of the newspaper-broadcast cross-ownership ban -- a rule that was put in place by FCC Chairman Dick Wiley in January 1975. The rule is one of several changes being considered for relaxation by the current FCC, and the foremost advocate for eliminating the rule is none other than Dick Wiley, now an influential telecommunications lobbyist.

But we're getting ahead of the story.

In the 1970s, the Post owned WTOP-TV Channel 9, a CBS affiliate. Its radio station was also called WTOP. It broadcast on both the AM and FM bands.

In addition, the Post owned television stations in Miami and in Jacksonville.

"Of all the threats to the company during Watergate," Post owner Katharine Graham wrote in her memoirs, "the most effective were the challenges to the licenses of our two Florida television stations."

Those challenges failed. But then the White House went after WTOP, the TV station in the Post's hometown. The FCC began drafting regulations that would bar a newspaper from owning radio or television stations in its home city. Other major newspapers owned TV stations in their towns, including the Atlanta Journal-Constitution, the Chicago Tribune, and the Tampa Tribune. They got exemptions in a "grandfather" clause. The Post got cold feet.

"Nixon was going after them," says Shaun Sheehan, the Tribune Co.'s top lobbyist and a bitter critic of the cross-ownership ban. "He thought he was going to force Katharine Graham into fire sale." As a result, the Post swapped its Washington television license for the Detroit station then owned by the Detroit Evening News.

But the Post need not have sold -- at least if it had stuck it out and finagled a grandfather waiver. Instead, the company's Post-Newsweek Stations built up business in the 1980s and 1990s using out-of-market TV licenses.

Pressure to revise media ownership rules built in recent years. But when former FCC Chairman Michael Powell proposed major changes in 2003, newspaper companies couldn't agree on a common stance.

The Washington Post Co. and its out-of-market local stations wanted to keep the networks from encroaching on their turf, and lobbied against the FCC package. For the Tribune Co., the New York Times Co., and smaller players such as Media General -- which owns the newspaper and television station in Tampa, Fla. -- the big issue was lifting the cross-ownership ban.

These latter companies have been pushing a synergy strategy of integrating print and broadcast newsrooms. Tribune Co.'s Sheehan says that "stations owned by newspapers broadcast more news and public affairs" because of their large staffs of journalists. The existing rule blocked a new venture in Hartford, Conn.

FCC Chairman Kevin Martin agrees that the ban is unfair. "In the largest markets, two broadcast televisions can combine and own up to six radio stations and the local cable system," Martin told the Newspaper Association of America this spring. "Yet newspapers remain prohibited from owning even a single radio station."

Including the Washington Post.

But the Post has gotten creative. This year it struck a licensing agreement with Bonneville Communications, which owns the Washington radio station

that the Post once had. In a three-way swap, Bonneville moved its flagship news channel WTOP to its best frequency, 103.5 FM, put classical music station WGMS on 104.1 FM, and introduced Washington Post Radio on 1500 AM -- the old WTOP frequency.

The new arrangement doesn't violate the cross-ownership ban because Bonneville owns and controls the station, advertisements and content -- even if the vast bulk comes straight from the newspaper's newsroom, say Post attorneys.

Supporters of the cross-ownership ban call it the best of both worlds. "You don't need to own the TV and radio station" to exploit synergies, says Andrew Jay Schwartzman, President of the Media Access Project. The Bonneville-Post collaboration means "you have the diversity advantages of different viewpoints."

Critics call that hairsplitting. "Do we continue to need unique rules for old media sectors, instead of a general competition policy standard for the entire media industry?" questions Adam Thierer, senior fellow at the Progress and Freedom Foundation.

Indeed, the biggest irony of the media ownership debate is the old media's embrace of the new. "They know they cannot make investments in the old sector and are turning their attention to the Internet as a way to diversify their media operations," said Thierer.

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