

Address by FCC Commissioner James H. Quello
At the Fifth Anniversary Celebration of
WGPR-TV Channel 62
(America's First Black-Owned Television Station)

Michigan Inn, Southfield, Michigan
Monday, September 29, 1980

I'm delighted to be back in my home town of Detroit where I spent 28 years in broadcasting with stations WJR and WXYZ.

I'm especially pleased and proud that my home town was the birthplace of the very first Black-owned TV station in the nation and I'm honored to participate in this fifth anniversary celebration.

I was familiar with WGPR-TV from its inception. I visited the station several times before its opening--it became apparent that the station was going first class with the latest new equipment and production facilities. I participated in the inaugural day ceremonies five years ago. In fact, I think Commissioner Ben Hooks and I were the first, or at least among the first, to be interviewed on channel 62 with Dr. Banks on that inaugural day.

Incidentally, I cautioned Dr. Banks and Euly Boykin that TV, and particularly a new UHF competing in a market with established VHF and UHF, is not an automatic license to coin money. But channel 62 has provided a new, exciting pioneer service to the community. With a growing audience and the potential of STV, the future financial outlook is promising.

Dr. Banks and the Board of WGPR-TV are true pioneers in Black-owned TV in the nation. They were pioneers in the full sense of the free enterprise principle--before the many significant incentives that have been recently established to encourage and help minority ownership--such minority incentives as SBA loans, MESBIC's (Minority Enterprise Small Business Investment Corporations) provided by civic-minded broadcasters, tax certificates, expedited processing, distress sales to minorities for not more than 75% of the appraised value of the station, preference for minorities in competitive or comparative applications. The incentives were introduced in 1977 almost two years after the inauguration of channel 62 in Detroit.

The FCC has always been sensitive to the need for more minority participation in communications, and it has had a much more rigid EEO policy than the EEOC to guarantee equal opportunity for employment. However, there was still something missing in our FCC program--something very important

besides employment opportunities. It seemed vital--if we were serious about providing opportunities for full participation in broadcasting--that minority ownership of broadcasting stations be encouraged. Back in 1977, I proposed that the Small Business Administration rescind its policy of refusing to support purchases of broadcasting properties. I was joined by then-Chairman Richard Wiley and then-Commissioner Ben Hooks and the SBA quickly changed its policy and the minority enterprise small business investment corporations soon got into the business of broadcast financing.

The National Association of Broadcasters came along with a suggestion aimed at further aid to minority entrepreneurs who wanted to enter broadcasting. The NAB suggested that the FCC issue tax certificates to incumbent licensees who chose to sell their stations to minority owners. The tax certificate is a device which defers any tax liability from the profit from the sale and permits that profit to be ploughed back into a new enterprise. The issuance of tax certificates obviously provided an incentive to sell to minorities and it also made it possible for minorities to buy stations at lower prices than would otherwise be expected.

Another element of the Commission's minority ownership program is our "distress sale" policy. That policy makes it possible for a licensee who has been designated for hearing on issues that could result in the loss of his license to sell his station to a minority for less than the going market price. Faced with the possibility that he will be denied renewal of his license for serious breaches of Commission rules or policy, a licensee can choose to sell for considerably less than the market price but considerably more than the salvage value of his equipment.

The Commission considers the applications of minority applicants on an expedited basis, removing them from the regular processing line. In contested applications--where two or more parties are pitted against each other for a license--the Commission is required to give some preference to minority applicants. I have also urged broadcasters to give special consideration to minority individuals for membership on their corporate boards of directors.

Many of our minority ownership programs are already producing major changes in ownership patterns and it's clear that they are producing results. The first Black-owned VHF television station is now on the air in Wisconsin, made possible by the first distress sale of a TV station under the new FCC policy. Black ownership and participation have been encouraged by FCC policies of tax certificates, distress sales, expedited applications and special preference for minority representation on comparative applications. Since 1978 the FCC tax certificate policy has resulted in Black ownership of 18 broadcast facilities. In addition, our distress sale policy has resulted in Black ownership of 15 stations--12 radio stations and 3 TV stations.

The National Association of Broadcasters has an ongoing program to assist minority entrepreneurs in funding. Storer Broadcasting is actively engaged in its own program to assist minority funding. Other group owners have their own programs. The knock of opportunity is getting louder all the time for minorities, but Dr. Banks and his courageous group did it by themselves.

Now, what about the future? What is to become of the broadcasting industry?

One technological development which appears to pose a near-term threat to the broadcasting industry as we now know it is the capability of direct satellite-to-home broadcasting. Estimates for the necessary receiving equipment--in addition to the television set itself--run as low as \$400 to \$1,000. Produced by the millions, it's likely that the cost will go even lower than that. When the cost and availability of satellite receiving equipment reach levels which are perceived reasonable by the American public, it is likely that satellite home broadcasting will be here to stay.

With high-quality television programming going directly to the home, where does that leave the local broadcaster? That is a serious question and one being considered with increasing intensity by many in the industry and in government. No one has the answers yet, but I believe there is reason for optimism that local broadcasting will survive and prosper.

Our system of broadcasting in this country is founded upon the concept of "localism"--the provision of local service. Local news, weather and traffic conditions, etc., reported in sufficient detail to make them useful to the residents of a community, do not lend themselves to nationwide satellite-to-home broadcasting. Community activities of all kinds are of interest to wide local audiences as is evidenced by the efforts of local television stations to provide local news and public affairs programs. I believe that local service concept will continue to require local broadcasting facilities.

While the local broadcasting facilities will continue to provide opportunities for entrepreneurs, don't overlook the new opportunities via satellite. I'm not suggesting that you go out and buy your own satellite. The capital requirement, as well as the satellite, is in orbit. But, a Black program supplier or a new breed of network owner can lease a transponder and provide new services. Technology has made practical "instant networks" with all of the opportunities to provide new, innovative programming and to enter the marketplace. It will be the responsibility of the FCC to assure an orderly "implementation" if direct broadcast satellite service is authorized.

Even as broadcasting progresses into the technical age and wonders of the future, the remarkable milestone we are celebrating today will not be diminished.

It will be recorded for all time that here in Detroit a courageous group of minority entrepreneurs pioneered the very first Black-owned station in the nation--they led the way for minority ownership of the most dynamic of all media. It is a landmark, historic accomplishment for Detroit, for Michigan and for America!

Thank you for the opportunity of participating in this very significant anniversary. You have my very best wishes and continued staunch support for further progress, achievement and distinguished service in the promising years ahead.