relaxation. Kennard was free to work out a compromise that could placate Hill Republicans who had savaged him for the earlier plan. (Even now House Telecommunications Subcommittee Chairman Billy Tauzin [R-La.] will only call the new rules a "good first step.")

Hill Democrats haven't been making too much noise on the issue anyway. Sens. Ernest Hollings (D-S.C.) and Byron Dorgan (D-N.D.) were the only lawmakers to openly oppose the FCC's proposed changes before the Aug. 5 vote. Rep. Edward Markey (Mass.) was the only Democrat to complain publicly after they were approved.

For his part, Kennard dismisses any suggestion that he did a 180.

"A lot of people reacted to a rumor of a staff proposal that was never presented to the commission and it took on a larger-than-life impact," he said last week.

"We spent a lot of time over the last six months talking to all the stakeholders in the debate and we struck a good balance" between the industry's need for more flexible ownership rules and the public's need for broadcast diversity.

Regardless of which direction Kennard wanted to go, relaxing the rules he has been able to win something he personally wanted. Broadcasters are now much more likely to support minority tax-certification legislation, which would allow sellers who sell stations to minorities to defer capital gains taxes. Broadcasters also are encouraged to go forward with a private effort to create a hefty minority investment fund and other efforts to boost minority participation.

CBS Chairman Mel Karmazin and Clear Channel Chairman L. Lowry Mays have taken the lead in assembling the fund. Although details have yet to be spelled out, CBS Senior Vice President Martin Franks says the group intends to reveal its plans in September. A CBS source confirmed last week that New York investment bank Chase Manhattan is "heavily involved" with the fund and plans to contribute some money. And last week, Hicks Muse's 21st Century Group and LIN TV said they are forming a minority-run media company, Banks Broadcasting, to buy TV stations in small- and mid-sized markets.

The week before the FCC was scheduled to vote, Senate Commerce Committee Chairman John McCain (R-Ariz.) and Senator Conrad Burns (R-Mont.) reiterated their intention to introduce such legislation next month. McCain's and Burns' bill would let telecommunications companies

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