Telecommunications Act of 1996

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The U.S. Telecommunications Act of 1996 was the first major overhaul of the landmark 1934 Communications Act and the first comprehensive attempt to reform U.S. media policy for the digital era. Passing Congress with significant bipartisan support after four years in the making, the bill was signed into law by President Bill Clinton on February 8, 1996. The complex and far-reaching legislation replaced structural regulation with market incentives for telephony, radio, broadcast television, cable television, and satellite communications. Hailed as an effort to unshackle market forces, and sold with the promise that deregulation would lead to enhanced competition, the bill now suggests a mixed legacy. Critics point to the ensuing "merger mania," concentrated markets, and large, vertically integrated telecommunications corporations that occurred as a direct result, while defenders praise the telecom act for removing outdated regulations. Regardless, it continues to impact our media system in profound ways, and its significance looms large over Washington, D.C., ten years later as efforts to rewrite the telecom act gather steam in Congress and the Federal Communications Commission.

Sweeping across multiple media sectors, the 1996 act contains many complex details that defy simple summaries. Its general provisions defined the parameters for how local exchange carriers can provide long-distance services and the terms upon which local telephone carriers can compete. Furthermore, the bill removed cross-market barriers between telephone and cable companies that had prevented them from combining to provide network services or competing in other industry sectors. Communications scholar Patricia Aufderheide observed that the bill helped weaken the traditional divide between common carriers (such as telephones) and mass media (such as radio). She also noted that despite the deregulatory thrust of the bill, bedrock policy principles that assume media must serve the public interest remained intact, if ill defined. The bill also attempted to regulate Internet pornography with the Communications Decency Act, which was later defeated in the courts on Free Speech constitutional grounds.

Going beyond just telecom legislation, however, the bill's broad sweep also deregulated cable rates, mandated V-chip installation in televisions, and removed broadcast ownership limits. This latter provision led to a rapid and unprecedented consolidation in national radio station ownership. After the telecom act eliminated the 40-station national ownership cap, a series of acquisitions resulted in the largest radio chain, Clear Channel, owning well over 1200 stations nationwide, overwhelmingly dominating most major markets and arguably limiting the diversity of voices on the public airwaves. Robert McChesney, a critic of the bill, believes these results are predictable consequences, stemming from what he characterizes as an essentially corrupt and anti-democratic process that minimized public input. In his view, corporate lobbyists had undue political influence on the wording of the telecom bill and did not provide adequate measures for protecting the public interest or even fair market competition.

Despite these criticisms, a commitment to deregulation continues to drive media policymaking in Washington D.C. Although the ultimate legacy of the first telecom act is still debatable, blind spots have been identified—namely, the Internet, which the 128-page original telecom bill barely mentioned. As Congress debates the rewrite of the telecom act, this time the Internet figures prominently in the discussion and the public appears to be paying closer attention.

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