July 5, 2016

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street SW
Washington DC 20554

Re: Written *Ex Parte* Communication, MB Docket Nos. 14-50, 09-182, 07-294

Dear Ms. Dortch:

After nearly two years since the close of the last comment cycle in the above-referenced proceedings, and in spite of the Third Circuit Court of Appeals raising serious questions about the viability of the print newspaper rule,[1] an FCC fact sheet reports that the broadcast ownership order circulated for a vote last week would make no serious modifications to the rule.[2]

In light of this, the National Association of Broadcasters (NAB) is filing for the record the attached information regarding the plight of print newspapers, and will continue to file such information for the Commission's consideration. The decline of print newspapers appears to be evident to everyone from laypersons to journalists to PhD economists,[3] and should not be lost on the agency charged with reviewing its broadcast ownership rules to determine whether they "are necessary in the public interest as the result of competition" and to "repeal or modify any regulation it determines to be no longer in the public interest."[4] Retaining a rule

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[1] *See Prometheus Radio Project v. FCC*, Nos. 15-3863, 15-3864, 15-3865 & 15-3866, at 38 (3d Cir. May 25, 2016) (*Prometheus III*) ("[T]he 1975 [cross-ownership] ban remains in effect to this day even though the FCC determined more than a decade ago that it is no longer in the public interest. This has come at significant expense to parties that would be able, under some of the less restrictive options being considered by the Commission, to engage in profitable combinations.").

[2] FCC, *Fact Sheet: Updating Media Ownership Rules in the Public Interest* (rel. Jun. 27, 2016).

[3] There is even a Wikipedia page devoted to this issue. *See* Wikipedia, *Decline of newspapers*, available at: *https://en.wikipedia.org/wiki/Decline_of_newspapers* (visited Jun. 29, 2016).

[4] Telecommunications Act of 1996, Pub. L. No. 104-104, § 202(h), 110 Stat. 56, 111-12 (1996) ("The Commission shall review its rules adopted pursuant to this section and all of its ownership rules . . .

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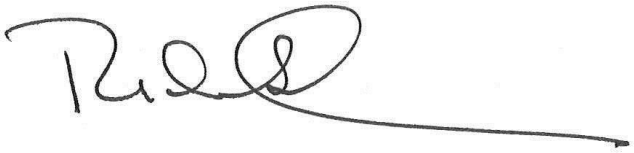
that deters investment by broadcasters in the struggling print newspaper industry certainly cannot serve the public interest or serve any rational Commission policy goal. Rather, the only result that can rationally be expected from the continued prohibition is to hasten the demise of print newspapers.

Respectfully submitted,



Rick Kaplan
General Counsel and Executive Vice President
Legal and Regulatory Affairs

cc: Jessica Almond, David Grossman, Marc Paul, Matthew Berry, Robin Colwell, Bill Lake, Michelle Carey, Mary Beth Murphy, Brendan Holland

Attachment

and shall determine whether any of such rules are necessary in the public interest as the result of competition. The Commission shall repeal or modify any regulation it determines to be no longer in the public interest."); Consolidated Appropriations Act, 2004, Pub. L. No. 108- 199, § 629, 118 Stat. 3, 99-100 (2004).

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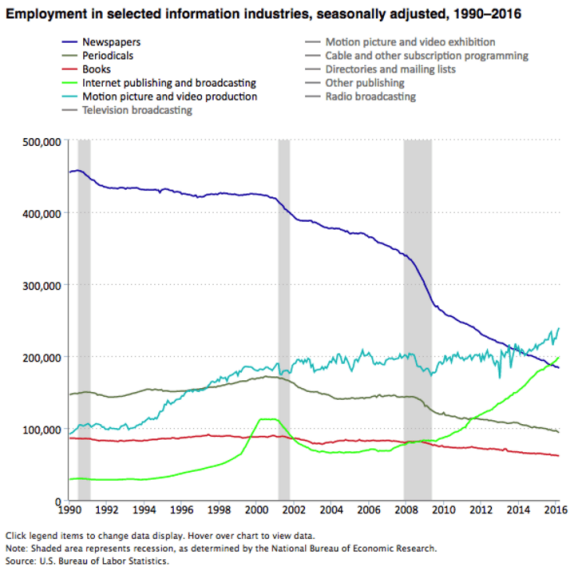
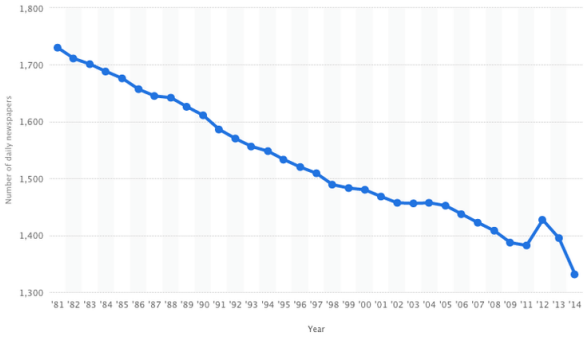


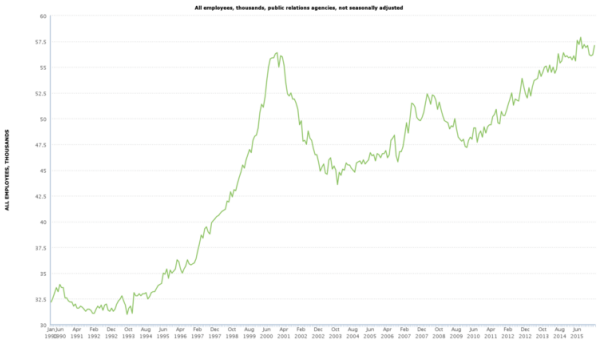
US Bureau of Labor Statistics: Employment in the information industries US Bureau of Labor Statistics

The impact of the Internet on the newspaper industry has been starkly highlighted by a graph released by the US Bureau of Labor Statistics. It shows how employment in that industry in the US has declined by 60% over the past 25 years, from 458,000 in 1990 to 183,000 in March 2016.



Number Newspapers in the US Statista

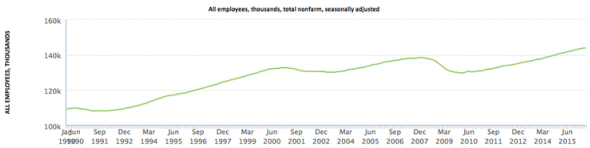
This statistic reflects the decline both in the number of newspapers and the shift to reducing the number of journalists and other staff required to produce increasingly digital output from a newsroom. From 1990 to 2014, nearly 300 newspapers closed in the US. What the data also shows is that at least part of the job decline in the newspaper industry has been taken up by the rapid growth in Internet publishing and broadcasting.



US Bureau of Labor Statistics Numbers in the PR Industry US Bureau of Labor Statistics

Another growth area in that time has been in the massive increase in the number of people working in public relations which peaked first in 2000 at the height of the Internet “Bubble” to regain those heights in the subsequent years.

The numbers are more stark than they appear because in that same time, overall employment has increased by 23% with the US labour market adding 35 million new jobs.



US Bureau of Labor Statistics Total US Employment US Bureau of Labor Statistics

This data simply confirms what has been obvious to everyone that with a disappearing business model for print newspapers, there is little room for the industry as a whole to continue to the same degree. The consequences of this are again not really going to be that surprising because in the end, it will be dictated by newspapers, who become predominantly digital, can make money. For a very few, this may be through digital subscribers. The New York Times, one of the few news sites that may pull off this transition with over a 1.2 million

digital subscribers, still loses money. For most other sites however, digital revenue will come from advertising, driven by the types of content that drives clicks.

The Internet has not just impacted the print newsroom however. The Bureau of Labor Statistics data also shows significant declines in both the magazine and book industries. Again, this decline has been driven by falling audiences and revenue in the switch from the more lucrative print market to digital.

The disruption of the paper-based media industries by the Internet hasn't just been a question of doing the same thing with fewer people on a different medium. What has also changed is society's need and desire for this specific type of content. The disruption of these industries isn't a question of simply not moving quickly enough to adapt to a new presentation format, it is that the content produced has far less appeal to the current audience who are increasingly spending less time on news sites and more time accessing content through social media and in particular, as video.

The disruption of the news industry has been not so much like the shift from typewriters to computers but more like disappearance of the whaling industry as the products of that industry were no longer of importance to society and alternatives were found.

To that extent, all discussions of paywalls and the desperate but illusive search for alternative business models for news organisations are in the end going to prove redundant. It is hard to convince people to pay for something that they have simply decided they don't want to buy. It is not that the public won't pay for content on the Internet. They are only too happy to pay for video content through services like Netflix and other video streaming sites and for the equivalent services that stream music. News and opinion, on the other hand is something that increasingly is valued only when it is free.

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