Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Cross-Ownership of Broadcast Stations and Newspapers	))	MM Docket No. 01-235
	)	
Newspaper/Radio Cross-Ownership Waiver Policy	))	MM Docket No. 96-197
	)	

To the Commission:

COMMENTS OF THE JOURNAL BROADCAST CORPORATION

Journal Broadcast Corporation ("Journal"), pursuant to Section 1.420 of the Commission's Rules, hereby submits comments in response to the Notice of Proposed Rulemaking in the above-captioned matter. 1/

Journal, the licensee of 36 radio stations and four television stations, strongly urges the Commission to completely eliminate the newspaper cross-ownership rule. The rule is in conflict with the principles responsible for the development of broadcasting in the United States. The rule serves to reduce the number of quality diverse voices and programming options available in communities. And the rule places the stations with the strongest news, information and opinion programs at a significant competitive disadvantage.

1/ *In the Matter of Cross-Ownership of Broadcast Station and Newspapers; Newspaper/Radio Cross-Ownership Waiver Policy,* Order and Notice of Proposed Rule Making, MM Docket Nos. 01-235 & 96-197 (released September 20, 2001) (the

Journal's Own Operations Demonstrate That the Newspaper-Broadcast Cross-Ownership Ban Is Not Necessary to Ensure Media Diversity

From the start of the U.S. broadcast industry in the 1920s through the 1950s, the Commission encouraged newspapers to become involved in broadcasting because of the papers' experience with journalism and public service. The Milwaukee Journal, an independent newspaper company, responded with the construction of WTMJ(AM), Milwaukee, Wisconsin, in 1927, and, during the next three decades, developed the Milwaukee stations WTMJ-TV and WKTI-FM (collectively, the "Milwaukee Stations").

In those early years, broadcast stations were closely associated with their newspaper, including news gathering and editorial views. Journal, however, placed the Milwaukee Stations in a separate division from the newspaper operation in the late 1960s. Following this separation, the radio and television stations have been totally independent from the newspaper in both program and editorial content, as well as in advertising sales. Both compete with the Milwaukee Journal Sentinel, a single paper that resulted from the 1995 merger of the former morning Milwaukee Sentinel and afternoon Milwaukee Journal, which, for many years, had operated as completely separate newspapers. In fact, the newspaper's radio-TV media critic frequently has challenged the programming and news decisions of all three broadcast stations, and two of WTMJ(AM)'s leading talk show hosts have been consistently critical of the news coverage decisions of the newspaper as well as the views presented on the newspaper's editorial pages.

"Notice"). As the Notice established a comment deadline of December 3, 2001, these comments are timely filed.

The broadcast stations also do not demonstrate a single viewpoint. For example, from 1967 through 1998, the three broadcast stations shared a broadcast editorial function, but carried a widely varied collection of commentators reflecting distinctly different points of view. Likewise, the stations' single news department of the late 1960s had become three separately managed news departments by the early 1980s. However, each of the three stations has a history of providing more news, information, public affairs and opinion programming than their direct in-market competitors. Even today, WTMJ and WTMJ-TV remain the principal sources of news and information among Milwaukee broadcasters.

This intra-Journal competition – albeit with a consistent emphasis on quality news and other programming -- is not by mere chance. Broadcast companies with large numbers of stations in a market have significant competitive incentives to provide diverse programming to audiences. The success of stations is driven by the cumulative size of the audiences their stations serve. For that reason, it is counterproductive for broadcast companies to have their owned stations compete for the same portions of the overall market audience. Rather, the breadth and diversity of program choices determine the collective size of a company's audience.

For example, Journal operates eight stations in the Omaha, Nebraska, market. Journal quickly determined that one way to expand its stations' audiences (and, therefore, advertising revenue) is to provide programming not available from other competitors. For that reason, Journal chose to program one of the stations in Spanish, to appeal to the area's modest percentage of Hispanic residents. Without a large number of stations under consolidated ownership, this diverse programming strategy -- which directly benefits an otherwise underserved population -- would be highly unlikely.

The newspaper-broadcast cross-ownership ban precludes newspaper owners from serving their community by providing such diverse programming. Moreover, such owners cannot bring their long history of serving their local markets with exceptional news and information programming to additional broadcast outlets. Neither result is consistent with the public interest.

The Ban Also Precludes Newspaper-Owned Stations From Being Able to Effectively Compete Against Other Media Combinations

In Journal's home market of Milwaukee, four radio group owners already have acquired radio station combinations that involve more than one AM and 2 FM stations, with one company owning 2 AM and 4 FM stations. But the newspaper-broadcast cross-ownership ban still limits Journal to owning two radio stations. That limits the diversity of programming Journal can offer. It also threatens Journal's tradition of superior news, information, public affairs and opinion programming because Journal cannot help but lose market revenue to competitors with multiple stations that have large amounts of radio advertising inventory at their disposal. Put simply, Journal often is unable to compete on price, because it simply does not have enough inventory as compared with the clusters of six, seven or eight stations.

The recent history of combined WTMJ/WKTI spot revenue shares, as broadcast consolidation has taken hold in the Milwaukee market, is instructive. In 1998, these stations garnered 25.3 percent of Milwaukee spot revenue. In 2001, the stations are projected to garner 21.6 percent of the spot market. [2]/ Clearly, this trend does not

[2]/ Data provided by Miller Kaplan Arase and Co., CPAs.

bode well for Journal, and will put in jeopardy the company's ability to provide the same level of news and community service that it has historically provided for the Milwaukee market and its viewers and listeners.

Milwaukee is not a small market. It is the 33rd-ranked television market the nation with 12 television stations, and the 31st-ranked radio market, with 34 commercial radio stations. Yet, Journal still is not permitted, because of the ban, to acquire more than its two radio stations while its competitors are taking advantage of the relaxation of nearly every other local broadcast ownership rule to gain efficiencies of scale. The Commission should end this disparate treatment of newspaper owners with regard to local broadcast ownership.

CONCLUSION

The Commission’s encouragement of newspaper involvement in broadcasting helped establish traditions of journalism excellence and public service in the earlier days of broadcasting. That can happen again by encouraging, rather than limiting, newspaper connections to broadcast ownership. Elimination of the rule will significantly advance the quality and diversity of programming in the broadcast marketplace.

In view of the foregoing, Journal respectfully urges the Commission to eliminate the newspaper-broadcast cross-ownership ban.

Respectfully submitted,

JOURNAL BROADCAST CORPORATION

By: ______________________________
Douglas Kiel

Its Vice President

720 E. Capitol Drive
Milwaukee, WI 53212
(414) 967-5301

Dated: December 3, 2001