Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
2006 Quadrennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996	)	MB Docket No. 06-121
	)	
2002 Biennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996	)	MB Docket No. 02-277
	)	
Cross-Ownership of Broadcast Stations and Newspapers	)	MM Docket No. 01-235
	)	
Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets	)	MM Docket No. 01-317
	)	
Definition of Radio Markets	)	MM Docket No. 00-244

REPLY COMMENTS OF THE NATIONAL ASSOCIATION OF BROADCASTERS

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Executive Summary

The National Association of Broadcasters ("NAB") hereby submits these replies to certain comments on the Commission's ten research studies conducted for and by the Commission to inform its pending quadrennial review of the broadcast ownership rules. While a number of commenters recognized that overall these new studies support the case for reforming outmoded ownership restrictions that only apply to local broadcast stations, some commenters unsuccessfully attempted to obscure the findings of these studies to oppose any reform of the local ownership restrictions.

Although ostensibly commenting on the Commission's ten studies, several commenters simply repeated their same arguments that even decades-old broadcast ownership restrictions should not be modernized any respect, regardless of the technological, competitive and other developments that have transformed the media marketplace. Indeed, a few commenters go so far as to contend that the Commission's studies support *increasing* restrictions on local broadcasters at a time when local stations face unprecedented competition, and viewers and listeners enjoy unprecedented diversity, from multichannel and Internet-based providers and outlets. Turning back the regulatory clock, however, would only create an uncompetitive and undercapitalized broadcast industry much less capable of serving their local communities with high quality programming and other services.

Clearly, no balanced reading of the ten studies supports these over-regulatory positions, which are based on strained reinterpretations of the studies' data, highly selective readings of the studies' findings, and commenters' overstatements of their own research results. In fact, some of these commenters' own research actually shows that common ownership of two television stations in the same market may lead to more local news and public affairs programming. Overblown rhetoric and needless attacks on the Commission's objectivity and good faith by certain commenters in this proceeding cannot substitute for actual evidence justifying the continuation of the current broadcast ownership regime.

In sum, the unsuccessful attempt of a few commenters to obscure the plain findings of the peer-reviewed ownership studies provide no basis for the Commission to refrain from promptly completing the statutorily-mandated quadrennial review of the broadcast-only ownership restrictions, and reform those rules to serve the public interest in light of competition. As has been shown by numerous parties since the Commission began reexamining the local broadcast ownership rules in the 1990s, and has been generally reaffirmed by the ownership studies conducted in this proceeding, allowing local broadcasters to adopt more economically viable ownership structures would promote the Commission's traditional goals of competition, diversity and localism. Given the number of years that the Commission has been considering reform of the local broadcast ownership restrictions, and the voluminous empirical and anecdotal evidence that has been submitted by those urging reform of these rules, the opponents of reform have no basis for their claims that the Commission is somehow rushing to judgment or that another decade of delay is necessary.

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To: The Commission

REPLY COMMENTS OF THE NATIONAL ASSOCIATION OF BROADCASTERS

The National Association of Broadcasters ("NAB")[1] submits these replies to certain comments on the Commission's ten research studies on media ownership

[1] NAB is a nonprofit trade association that advocates on behalf of more than 8,300 free, local radio and television stations and also broadcast networks before Congress, the Federal Communications Commission and other federal agencies, and the Courts.

conducted in this proceeding.[2] The Commission intended these studies to inform its pending quadrennial review of the broadcast ownership rules,[3] as well as its consideration of the issues raised by the United States Court of Appeals for the Third Circuit in *Prometheus Radio Project v. FCC*, 373 F.3d 372 (3rd Cir. 2004).[4] Section 202(h) of the Telecommunications Act of 1996 ("1996 Act") requires the Commission to review its broadcast ownership rules every four years and determine whether these rules remain "necessary in the public interest as the result of competition."[5]

While ostensibly commenting on the ten studies conducted for and by the Commission, several commenters simply repeated their same arguments that even decades-old broadcast ownership restrictions should not be modernized in any respect, regardless of the technological, competitive and other developments that have transformed the media marketplace. Indeed, a few commenters go so far as to contend that the Commission's studies support *increasing* restrictions on local broadcasters at a time when local stations face unprecedented competition, and viewers and listeners enjoy unprecedented diversity, from multichannel and Internet-based providers and outlets. Clearly, no balanced reading of the ten studies supports either of these positions, which are based on strained reinterpretations of the studies' data, highly selective readings of

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[2] Public Notice, *FCC Seeks Comments on Research Studies on Media Ownership*, DA 07-3470 (rel. July 31, 2007).

[3] *See 2006 Quadrennial Regulatory Review*, Further Notice of Proposed Rulemaking, 21 FCC Rcd 8834 (2006).

[4] In *Prometheus*, the Third Circuit affirmed some of the Commission's decisions made in its 2002 review of the ownership rules and remanded other decisions for further agency justification or modification.

[5] Pub. L. No. 104-104 § 202(h), 110 Stat. 56 (1996), as amended by Consolidated Appropriations Act, 2004, Pub. L. No. 108-199, § 629, 118 Stat. 3 (2004).

the studies' findings, and commenters' overstatements of their own research results. In fact, some of these commenters' own research actually shows that common ownership of two television stations in the same market may lead to more local news and public affairs programming.

In sum, the unsuccessful attempt of a few commenters to obscure the plain findings of the peer-reviewed ownership studies provide no basis for the Commission to refrain from promptly completing the statutorily-mandated quadrennial review of the broadcast-only ownership restrictions, and reform those rules to serve the public interest in light of competition.[6] As has been shown by numerous parties since the Commission began reexamining the local broadcast ownership rules in the 1990s, and has been generally reaffirmed by the ownership studies conducted in this proceeding, allowing

[6] The Commission began its reexamination of the newspaper/broadcast cross-ownership ban in 1996 with a notice of inquiry on newspaper/radio cross-ownership, and commenced the still-pending review of the newspaper/broadcast prohibition in 2001. The Commission also commenced a review of radio ownership in 2001. The Commission's review and revision of the television duopoly and radio/television cross-ownership rules in the 1990s resulted in a remand of the revised television duopoly rule as being arbitrary and capricious in 2002. *See Sinclair Broadcast Group, Inc. v. FCC*, 284 F.3d 148 (D.C. Cir. 2002). This remand remains pending, with the arbitrary and capricious duopoly rule still in effect. In addition, the Commission reexamined the local broadcast ownership rules in its statutorily-required 1998, 2000 and 2002 biennial reviews (the last of which, as discussed above, remains pending after the remand by the Third Circuit). Given the number of years that the Commission has been considering reform of the local broadcast ownership restrictions, and the voluminous empirical and anecdotal evidence that has been submitted by those urging reform of these rules, the opponents of reform have no basis for their claims that the Commission is somehow rushing to judgment or that another decade of delay is necessary.

local broadcasters to adopt more economically viable ownership structures would promote the Commission's traditional goals of competition, diversity and localism.[7] Certain commenters' overblown rhetoric and needless attacks on the Commission's objectivity and good faith in this proceeding certainly cannot substitute for actual evidence justifying the continuation of the current broadcast ownership restrictions.

I. The Commission Must Reject Calls To "Turn Back The Clock" And Create An Uncompetitive And Undercapitalized Broadcast Industry

Some parties in their comments on the Commission's recent ownership studies repeated their entirely familiar arguments that none of the broadcast ownership rules – even the newspaper/broadcast prohibition which has not been reformed since its adoption over 30 years ago – should be modernized in any respect.[8] Indeed, a few commenters went so far as to contend that the Commission should increase restrictions on local broadcasters, even though local stations are facing unprecedented competition from multichannel audio and video providers and Internet-based media, and viewers and listeners are enjoying an abundance of content from these myriad providers and outlets. *See* UCC, *et al*. Comments at 27, 36, 39.

The Commission should not abandon its efforts to bring the broadcast ownership regulatory regime into the digital age. Failing to reform outmoded broadcast-only ownership restrictions – or, even worse, attempting to roll back the reforms that have

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[7] NAB is also filing today a separate *ex parte* addressing a number of issues raised by various commenters in multiple submissions throughout this proceeding, including in their responses to the FCC's ten ownership studies.

[8] *See* Further Comments of Consumers Union, Consumer Federation of America and Free Press in MB Docket No. 06-121 (filed Oct. 22, 2007) ("Consumers Union, *et al*. Comments"); Comments of Office of Communication of United Church of Christ, Inc., *et al*. in MB Docket No. 06-121 (filed Oct. 22, 2007) ("UCC, *et al*. Comments").

previously been made to some of these rules – would require the Commission to disregard the competitive transformation of media markets and the agency's statutory obligations under the 1996 Act.[9] These calls by a few commenters to "turn back the clock" and roll back broadcast ownership limits set in the 1990s not only ignore all the changes that have occurred in the media marketplace in recent years, but also the state of the broadcast industry in the early 1990s before some of the ownership restrictions were reformed to permit more economically viable ownership structures.

In 1992, for example, the Commission found that, due to "market fragmentation," many in the radio industry were "experiencing serious economic stress."[10] Specifically, stations were experiencing "sharp decrease[s]" in operating profits and operating margins. *FCC Radio Order*, 7 FCC Rcd at 2759. By the early 1990s, "more than half of all stations" were losing money, and "almost 300 radio stations" had gone silent. *Id*. at 2760. Given that the radio industry's ability "to function in the 'public interest, convenience and necessity' is fundamentally premised on its economic viability," the Commission concluded that "radio's ability to serve the public interest" had become "substantially threatened." *Id*. Accordingly, the Commission believed that it was "time to allow the radio industry to adapt" to the modern information marketplace, "free of artificial constraints that prevent valuable efficiencies from being realized." *Id*.

[9] *See* Comments of NAB in MB Docket No. 06-121 at 3-5 (filed Oct. 23, 2006) ("NAB Initial Comments").

[10] *Revision of Radio Rules and Policies*, Report and Order, 7 FCC Rcd 2755, 2756 (1992) ("*FCC Radio Order*").

Motivated by such concerns, Congress in 1996 acted to "preserve and to promote the competitiveness of over-the-air broadcast stations."[11] Congress found that "significant changes" in the "audio and video marketplace" called for a "substantial reform of Congressional and Commission oversight of the way the broadcasting industry develops and competes." *House Report* at 54-55. Congress specifically noted the "explosion of video distribution technologies and subscription-based programming sources," and stated its intent to ensure "the industry's ability to compete effectively" and to "remain a vital element in the video market." *Id*. at 55.

NAB respectfully submits that the Commission should not ignore these important lessons of the past. Arguments that the broadcast-only local ownership restrictions should not be reformed are based on a refusal to recognize all the factors that have transformed today's media marketplace, including the development and spread of new technologies; growth in competition for viewers and listeners among greater numbers and different types of outlets and providers; changing consumer tastes, especially among younger viewers and listeners; and dramatic changes in the advertising marketplace, which affect free, over-the-air broadcast stations more than subscription-based media.[12] Policies that would turn back the regulatory clock would create a fragmented, undercapitalized broadcast industry and place broadcasters at an even greater competitive disadvantage against multichannel and other information/entertainment providers and outlets. As the Commission recognized in its 1992 *Radio Order*, only competitively viable broadcast stations sustained by adequate advertising revenues can serve the public

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[11] H.R. Rep. No. 204, 104th Cong., 2d Sess. at 48 (1995) ("*House Report*").

[12] *See, e.g.*, NAB Initial Comments at 5-35; Reply Comments of NAB in MB Docket No. 06-121 at 16-34 (filed Jan. 16, 2007) ("NAB Reply Comments").

interest effectively, provide a significant presence in local communities, and offer the type of programming that opponents of reform say they want. *See* NAB Initial Comments at 57-71. The record in this proceeding, including the recent ownership studies conducted for and by the Commission as discussed below, in no way support a return to the past.

II. Attempts To Obscure The Findings Of The Ten Ownership Studies Are Unavailing

In light of the plain findings of the peer-reviewed ownership studies, which generally support reform of the broadcast-only local ownership restrictions, the strained attempts by some commenters to obscure these findings so as to contend that they actually support continued (or even greater) regulation must be rejected. As discussed below, these attempts include straining to reinterpret data and making highly selective readings of these studies' findings, as well as engaging in speculation and overblown rhetoric, making invalid assumptions about harm to the public interest, and making inappropriate judgments about broadcast content.

A. Opponents of Reform Assume Harm to the Public Interest Where None Exists

Those commenters decrying common ownership and objecting to any change in decades-old ownership restrictions erroneously assume that the public interest has automatically been harmed by the increase in common ownership of broadcast outlets and reduction in the number of individual owners of outlets since the 1990s. *See, e.g.*, UCC, *et al*. Comments at 9. In fact, there is no reason to make such an assumption, as there is no recognized optimal number of total broadcast station owners that the Commission should try to maintain for all time and under all marketplace conditions.

And as NAB previously discussed in detail, despite exaggerated claims about the extent of common ownership, there remain thousands of individual owners of broadcast stations nationwide and impressive numbers of individual owners in local markets.[13] Indeed, a previous Commission study of selected radio markets from 1960 to 2000 showed an average increase in the number of outlets of almost 200% and an average increase in the number of owners of 140% over the 40-year period.[14]

Beyond erroneously assuming that returning to a more fragmented broadcast industry with more stand-alone stations is desirable for the public or is even competitively and financially feasible,[15] these commenters are further assuming that diversity as they define it is the over-arching goal of the Commission's ownership rules and that diversity necessarily suffers when any outlets are commonly owned.[16] Contrary to this assumption, NAB points out that the Commission has long regarded competition and localism, along with diversity, as its "core" objectives in regulating media ownership. Moreover, the Commission has identified five types of diversity (viewpoint, outlet, program, source and minority/female ownership) as areas of concern.[17] Indeed, the

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[13] *See* Comments of NAB in MB Docket No. 06-121 at 26-27; 29-31 (filed Oct. 22, 2007) ("NAB Comments on FCC Studies"); NAB Initial Comments at 6-12.

[14] Scott Roberts, Jane Frenette and Dione Stearns, *A Comparison of Media Outlets and Owners for Ten Selected Markets (1960, 1980, 2000)* (Sept. 2002).

[15] *See supra* Section I; NAB Initial Comments at 36-38.

[16] *See* UCC, *et al*. Comments at 11, 32 (purpose of newspaper cross-ownership ban is to "promote diversity by increasing the number of owners" and purpose of television duopoly rule "is to provide a diversity of views on local issues"); Consumers Union, *et al*. Comments at 88 (opposing newspaper cross-ownership because "loss of an independent voice is not worth the increase in the quantity of news").

[17] *2002 Biennial Regulatory Review*, Report and Order and Notice of Proposed Rulemaking, 18 FCC Rcd 13620, 13627 (2003).

Commission has clearly stated that "diversity of programming and viewpoints are not the only goals, and diversity of ownership is not the only consideration, in the licensing of broadcast stations in the public interest."[18]

With regard to the claim that viewpoint diversity is necessarily harmed when any media outlets are jointly owned, NAB has already shown that, in the current media environment, the Commission cannot rely on such unconvincing speculation. Merely assuming such harm to justify intrusive and asymmetric regulation on local broadcasters is arbitrary and capricious because, as previously discussed by NAB in detail, the connection between ownership and viewpoint or content diversity remains unproven. *See* NAB Initial Comments at 42-48; NAB Reply Comments at 37-43. In fact, the most recent research casts even greater doubt on the assumed link between ownership and viewpoint and shows instead a link between *consumer* preferences and the viewpoint or slant of media outlets, whether print or broadcast.[19] In addition, given the growth of

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[18] *Second Report and Order* in MM Docket No. 87-7, 4 FCC Rcd 1741, 1742 (1989) (relaxing one-to-a-market prohibition).

[19] *See, e.g.*, Matthew Gentzkow & Jesse M. Shapiro, *What Drives Media Slant? Evidence from U.S. Daily Newspapers* (Nat'l Bureau of Econ. Research, Working Paper No. 12707, 2006) ("*Gentzkow Media Slant Study*"); Jeffrey Milyo, *The Effects of Cross-Ownership on the Local Content and Political Slant of Local Television News* (June 13, 2007) ("*Milyo Cross-Ownership Study*"). *See also* Tasneem Chipty, CRA International, Inc., *Station Ownership and Programming in Radio* at 29 (June 24, 2007) ("*Chipty Radio Programming Study*") (empirical study of radio programming concluded that "market demographics . . . appear to be better predictors" of programming format than "ownership structure"). One commenter criticized the *Gentzkow Media Slant Study,* which found that the political orientation of newspapers was driven more by the ideology of the targeted marketplace (*i.e*., consumer preferences) than by owner ideology or preferences. *See* Comments of Catherine J.K. Sandoval, *et al*. in MB Docket No. 06-121 at 20-24 (filed Oct. 19, 2007). However, these criticisms do not appear to undermine the empirical or analytic validity of Professor Gentzkow's study. The fact that broadcast media have different regulatory status than newspapers or the fact that the newspaper database used in the Gentzkow study does not precisely correspond to the definition of a daily

multichannel video and audio outlets and consumers' ability to access content as "diverse as human thought" via the Internet,[20] the assumption, for example, that allowing a television broadcaster to own one additional television station in its community could somehow substantially reduce the diversity of ideas and views available to consumers is not sustainable.

NAB observes that the logical extension of some commenters' definition of diversity would be to permit no common ownership of any media outlets whatsoever. The Commission and Congress have both rejected this conception of diversity.[21] Trying to turn back the clock now, in light of the voluminous record and the Commission's own findings, would be the height of arbitrary and capricious decisionmaking.

B. Opponents of Reform Strain to Reinterpret Data and Selectively Read the Studies' Findings

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newspaper in the FCC's cross-ownership rule seem entirely irrelevant. Further, the fact that the Gentzkow study focused on English language newspapers does not automatically make it "inappropriate" for "any attempt to predict the effect of ownership on content." Sandoval, *et al*. Comments at 22. In any event, while making much of the fact that the Gentzkow study focused solely on newspapers and thus presumably (but illogically) had little or no relevance to the broadcast media, these critics of the Gentzkow study failed to acknowledge Professor Milyo's study that reached similar conclusions for television stations.

[20] *Reno v. ACLU*, 521 U.S. 844, 870 (1997).

[21] *See, e.g.*, *Second Report and Order*, 4 FCC Rcd at 1742; *In re Golden West Broadcasters*, Memorandum Opinion and Order, 10 FCC Rcd 2081, 2084 (1995) ("combinatorial efficiencies derived from common ownership" of broadcast outlets "in local markets were presumptively beneficial and would strengthen the competitive standing of combined stations," thereby "enhanc[ing] the quality of viewpoint diversity by enabling such stations to invest additional resources in programming and other service benefits provided to the public"); H.R. Rep. No. 204, 104th Cong., 2d Sess. 55 (1996) (noting need "to depart from the traditional notions of broadcast regulation" and to eliminate "arbitrary limitations on broadcast ownership," which "are no longer necessary" in a competitive video market).

In a vain effort to obscure the conclusions of the various studies supporting reform of the ownership restrictions, several commenters attempt to reinterpret data and make highly selective readings of the studies' findings, ignoring findings adverse to their reflexive opposition to any ownership reform and engaging in speculation about the alleged harms posed by any additional common ownership. These attempts to obscure the plain findings as to the lack of harm – and, in many cases, the clear benefits – flowing from common ownership of outlets should not prevent the Commission from acting promptly to reform the broadcast-only local ownership restrictions. NAB further observes that certain commenters' overblown rhetoric, needless attacks on the objectivity of Commission personnel, and unwarranted claims about the Commission's lack of good faith in this proceeding do not constitute actual evidence justifying intrusive regulations that no longer serve the public interest.[22]

1. Despite Extensive Effort, Attempts to Obscure the Benefits of Newspaper/Broadcast Cross-Ownership Are Unavailing

[22] *See* Consumers Union, *et al*. Comments at 1-5 (referring to the FCC's studies as a "collection of inconsistent, incompetent and incoherent pieces of research cobbled together to prove a foregone conclusion"; claiming that the FCC was "hell-bent on supporting its predetermined result" and "only interested in window dressing" rather than substance in this proceeding; attacking the FCC's process as so "blatantly results-driven" that it "calls the objectivity of the entire undertaking into account"). Consumers Union, *et al*. also continue to refer to the allegedly "spiked" 2004 draft FCC study purporting to show that locally-owned stations provide more local news. *Id*. at 4. However, an Inspector General investigation found that the evidence did not substantiate claims that the draft localism report had been suppressed by senior managers at the FCC. *See* News Release, *Inspector General Releases Report on Investigation into Allegations Research Work Was Suppressed or Destroyed* (Oct. 5, 2007). But in any event, the FCC cannot rely on the substance of this draft study, which has been strongly criticized by a number of commenters because it, *inter alia*, defined localism arbitrarily and used biased measures of localism. *See, e.g.*, Letter from Jim Tozzi, Center for Regulatory Effectiveness to FCC, MB Docket No. 06-121 (May 3, 2007).

Despite the plethora of studies dating back decades that demonstrate the public interest benefits of newspaper/broadcast cross-ownership, including several by and for the Commission is this proceeding,[23] some commenters assert that the evidence does not demonstrate any such benefits. As discussed below, these assertions cannot obscure the empirical evidence of studies dating back to the 1970s.

When faced with empirical evidence of a statistically significant relationship between newspaper ownership and higher local news minutes on television stations, opposing commenters are reduced to arguing that this "does not means that newspaper ownership is the cause of higher local news minutes," especially "where the number of cross-owned stations is very limited." UCC, *et al*. Comments at 13. In fact, with regard to the causality question, the purpose of multivariate regression analysis is actually to describe causal relationships. When an estimated equation results in several statistically significant variables and explains much of the variance in the dependent variable (*i.e*., has a high R-square), then the analyst has successfully explained causal relationships, such as the one between newspaper ownership and greater amounts of news programming on cross-owned television stations. Moreover, the fact that multiple studies obtained statistically significant results with limited numbers of cross-owned television stations does not mean that the results are weaker or more questionable, but actually indicates the strength of the causal relationship. When there is a limited data set of observations, it is always more challenging to show a statistically significant relationship, as there may not be enough variation in the independent variables to lead to discovery of that relationship

[23] *See* NAB Comments on FCC Studies at 5-10; NAB Reply Comments at 82-84 (listing multiple studies showing that newspaper-owned television stations air more and spend more on local news; offer local news programming that receives higher ratings and earns more industry awards; and air more local programming generally).

even if one exists. The fact that there is statistical significance between newspaper ownership and the amount of news on cross-owned stations even in the face of limited observations adds strength to that point, rather than weakening it.[24]

Commenters also imply that study results which showed no connection between ownership structure and various television programming outcomes (such as the amounts of violent programming, religious programming, or public affairs programming) somehow cast doubt on the validity or conclusiveness of results that demonstrated a link between ownership structure and other programming types (namely, local news programming). *See* UCC, *et al*. Comments at 14. The fact that there was not a statistically significant relationship between ownership structure and a number of disparate programming types (such as violent programming) is, in fact, unsurprising. It would be much more surprising if ownership structure – especially *local* structures – had significant impact on a broad range of television programming content, which of course includes national network programming. *See* NAB Comments on FCC Studies at 16.

When confronted with empirical evidence of the benefits of newspaper cross-ownership, other commenters similarly attempt to reinterpret the data and findings in a manner more to their liking, to obscure the existing studies with speculation and rhetoric, and to tout their own statistically insignificant research results. Consumers Union, *et al*.

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[24] UCC, *et al*. additionally claim that "even if it could be shown that existing levels of cross-ownership cause beneficial effects, allowing cross-ownership in many more markets would not necessarily have the same effect." UCC, *et al*. Comments at 13. This statement is pure speculation, as UCC, *et al*. offer no reason as to why cross-owned stations in more markets would not behave similarly. In any event, the only empirical evidence available to the Commission to judge the effects of newspaper cross-ownership necessarily focuses on the existing cross-owned broadcast stations. Unsupported speculation that some other, as yet non-existent, cross-owned stations would somehow be different warrants no consideration.

contend that the Commission's ownership studies, rather than focusing on the local news output of cross-owned stations, should instead have focused on the local news output of the entire market where cross-owned stations are located. *See* Consumers Union, *et al*. Comments at 7. Thus, as an initial matter, Consumers Union, *et al*. apparently concede that ownership by a newspaper does increase the news output of cross-owned television stations. They speculate, however, that in markets with cross-owned stations, other stations might decrease their news output because of some vaguely-asserted "disadvantage" they may suffer when competing against the cross-owned station. *Id*. at 88.

NAB notes that one "disadvantage" non-cross-owned stations may experience in competing against cross-owned stations is that cross-owned stations produce higher quality news more attractive to viewers. Several studies have shown that the news programming of cross-owned stations earn higher ratings and receive more awards than the news programming of non-cross-owned stations.[25] Such an alleged "disadvantage" should not concern the Commission. The newspaper cross-ownership ban certainly cannot rationally be retained on the grounds that non-cross-owned stations are disadvantaged by the presence of a competitor that offers a superior product preferred by consumers – such a rule would only serve to protect the provision of inferior products less valued by consumers. Indeed, this argues for allowing more cross-ownership, as consumers will benefit from the better news product produced by the cross-owned stations and the non-cross-owned stations will need to improve their own programming to compete.

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[25] *See* NAB Reply Comments at 82-84 (describing several studies by FCC and independent parties concluding this).

When attempting to establish their claim that cross-ownership reduces the output of local news available in the market overall, Consumers Union, *et al*. make a highly dubious distinction between grandfathered cross-owned stations and stations with waivers. *Id*. at 89-90. They speculate that television stations acquired by newspapers through waivers should be treated differently than grandfathered stations because waivers involve the "recent" entry of a television station into a cross-ownership arrangement, and because stations subject to a waiver are "likely to be on their best behavior" and their "behavior may change" if a waiver is made permanent. *Id*. NAB notes that cross-ownership waivers may not, in fact, be particularly "recent" – and even if they are recent it remains unclear that the behavior of the television station in a recently formed cross-ownership relationship would necessarily be substantially different than the behavior of a station in a cross-ownership arrangement of longer standing.[26] And the speculation that cross-owned stations with waivers will behave very differently (and somehow better) than grandfathered stations boils down to Consumers Union, *et al*. equating the "normal interest based behavior" of "large commercial" newspaper/television combinations as "lean[ing] Republican" and the "best behavior" of such combinations with waivers as "favor[ing] Democrats." *Id*. at 90-91. These contentions are speculation and hyperbole of the rankest sort. Indeed, commenters' equating of "normal interest based behavior" as "lean[ing] Republican" and "best behavior" as "favor[ing] Democrats" reveals more

[26] For example, Tribune Company has had a waiver of the newspaper cross-ownership rule in the Miami/Fort Lauderdale area since 1997. Consumers Union, *et al*. appear to be suggesting that the greater amounts of news on television stations in the waiver cross-ownership situations do not result from any effect of the combinations because the combinations are "recent." But there is no reason to believe that the amount of news that these cross-owned television stations are presently airing are not impacted by the cross-ownership, particularly if the waiver situation has existed for several years.

about the political preferences of the commenters than the actual behavior of newspaper and television companies in the marketplace.[27] Given the extent to which Consumers Union, *et al*. strain to differentiate, on dubious grounds, grandfathered newspaper/television combinations from waived combinations, one wonders if commenters treated these combinations differently in their analysis in order to bolster their preferred research results, as discussed below.

With regard to the actual results of their regression analysis, Consumers Union, *et al.* consistently overstate these results. These commenters claim that their research shows that newspaper cross-ownership "reduces the total amount of local news available in the market." *Id*. at 7. In fact, however, Consumers Union, *et al*.'s proclaimed negative result for the market level news totals is significant in only one of the four models that Consumers Union re-estimated on a market level. That is hardly a robust result – or one that even supports the unequivocal nature of the claims they make.[28] Even when

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[27] For example, NAB notes that the record of endorsements by major newspaper and television station companies (including Gannett, Tribune, Cox and The New York Times Co.) do not, as Consumers Union, *et al*. speculate, "lean Republican," even though they are undoubtedly "large commercial entities." Consumers Union, *et al*. Comments at 90. In fact, among the many newspapers owned by all of these entities, some endorsed George Bush in 2004 while more endorsed John Kerry, with newspapers owned by the same entities routinely endorsing different candidates. *See* Comments of Media General in MB Docket No. 06-121, Appendix 6 (filed Oct. 23, 2006). This pattern of outlets owned by the same entity endorsing different political candidates lends support to studies that have shown that the political orientation of newspapers is driven more by the ideology of the targeted market than by ownership. *See Gentzkow Media Slant Study* at 43-44.

[28] Consumers Union, *et al*. try to make their results seem more impressive by noting that "[e]very coefficient is negative, three of the four are larger than their standard errors" (although only one is significant, as NAB noted above). Consumers Union, *et al*. Comments at 95. However, it is neither illuminating nor credible to cite these non-significant results. The fact that a coefficient is greater than its standard error still does

Consumers Union, *et al*. "[r]efine the variable to distinguish between grandfathered and waived situations" (which, as explained above, is highly dubious), only two of the four coefficients are negatively statistically significant. And, when these commenters examine small markets specifically, they repeat their claims about the negative effect of cross-ownership on total amounts of news available in the market. *See id*. at 101. But this claim is overstated again, as the regression results are mixed and many lack statistical significance.[29]

Especially in light of the less than convincing results in Consumers Union, *et al*.'s research, NAB points out that previous studies have reached opposite conclusions about the effect of newspaper/television combinations on the level of non-entertainment programming offered on a market level. In 2001, a study conducted by Dr. Samuel Lichter compared each DMA with a Media General newspaper/television combination with the immediately higher-ranked DMA. Dr. Lichter found that five out of the six of the DMAs with combinations offered more non-entertainment programming then the paired market.[30]

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not make that coefficient statistically significant, and there is no justification for citing non-significant results as if they have meaning.

[29] Consumers Union, *et al*.'s attempt to analyze slant on cross-owned television stations suffers from similar shortcomings, with the vast majority of coefficients (12 out of 14) lacking statistical significance. *See* Consumers Union, *et al*. Comments at 103. These commenters also criticize Dr. Milyo's analysis of the slant of cross-owned television stations for focusing on elections, asserting that "elections entail the least amount of media bias and influence" and that unspecified "[l]ocal issues" would be "better candidates for the study of bias." *Id*. at 102-103. These criticisms of the *Milyo Cross-Ownership Study* are vague and unsupported, and NAB finds it particularly interesting that commenters believe the media has little influence or displays little bias in election coverage.

[30] *See* Comments of Media General in MM Docket No. 01-235, Appendix 5 (filed Dec. 3, 2001).

In a more extensive study conducted in 2006 by Economists Incorporated, 11 markets with a newspaper/television combination were compared with the immediately higher-ranked DMA, which did not have such a combination. This study mainly focused on mid-sized and small DMAs with newspaper/television combinations (10 of the 11 markets examined were ranked from DMA #68 to DMA #171). In nine out of the 11 of the DMAs with newspaper/television combinations, the television stations aired more non-entertainment programming than the stations in the comparison market without a combination. The cumulative average amount of non-entertainment programming in the markets with the combinations exceeded the amount in the markets without combinations by 2.7 hours per station (meaning that overall non-entertainment programming in the markets with newspaper/television combinations exceeded that in markets without combinations by five percent).[31] Given the contrary results of other studies, the results of Consumers Union, *et al.*'s recent research must be treated with caution and evaluated carefully, especially in light of their speculative underpinnings and their consistent overstatement of statistically insignificant results.

2. Commenters' Highly Selective Reading of Study Results Do Not Justify Calls for Greater Restrictions on Radio/TV Cross-Ownership

Commenters calling for reinstatement of the radio/television cross-ownership ban (*see* UCC, *et al*. Comments at 36) blatantly ignore evidence and findings "inconvenient to the story they were telling." Consumers Union, *et al*. Comments at 87 (criticizing others for this). For example, UCC, *et al*. state that the *Milyo Cross-Ownership Study*

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[31] *See* Michael G. Baumann, *Review of the Increases in Non-Entertainment Programming Provided in Markets with Newspaper-Owned Television Stations: An Update*, Comments of Media General in MB Docket No. 06-121, Appendix 5 (Oct. 2006).

found that radio cross-ownership "is associated with significantly less news coverage" on the cross-owned television stations. UCC, *et al*. Comments at 21. In reality, however, in Dr. Milyo's preferred model with greater numbers of control variables added, radio cross-ownership is *not* a "significant determinant[]" of "total news coverage" on television stations. *Milyo Cross-Ownership Study* at 18.[32] Similarly, UCC, *et al*. assert that the *Lynch Radio Airplay Study*[33] found that radio/television cross-ownership made it less likely that the radio station in the combination will air news at all. UCC, *et al*. Comments at 38. However, UCC, *et al*. neglected to mention that the Lynch study also found that, if cross-owned radio stations did air news, they aired more news than non-cross-owned radio stations and that the overall effect was positive. *See Lynch Radio Airplay Study* at II-19 (television cross-ownership increased expected quantity of news programming on radio by almost two minutes or 38% in a two-hour period). Again, with regard to the *Chipty Radio Programming Study*, UCC, *et al*. state that this study found that radio stations cross-owned with television stations aired less news, in shorter blocks in the evening. *See* UCC, *et al*. Comments at 38. However, the Chipty study also found that radio stations cross-owned with television stations showed a higher likelihood of airing

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[32] UCC, *et al.* also emphasize Dr. Milyo's finding that television stations with cross-owned radio stations presented less coverage of state and local politics. *See Milyo Cross-Ownership Study* at 19. However, UCC, *et al*. do not refer to Dr. Milyo's caution about this finding where he stressed that further research should examine the extent to which local political news content on a radio cross-owned television stations substitutes for similar programming on the cross-owned radio station. The question that should be pursued is whether radio cross-ownership facilitates a rationalization of program content across radio and television formats, or does actually lead to less political coverage in total across radio and television formats. *Id*. at note 18.

[33] Kenneth Lynch, *Ownership Structure, Market Characteristics and the Quantity of News and Public Affairs Programming: An Empirical Analysis of Radio Airplay* (July 30, 2007).

more local programming and less syndicated programming, a finding that UCC, *et al*. fail to mention. *See Chipty Radio Programming Study* at Table 17. These commenters further assert that radio/television cross-ownership harms competition because the Chipty study found that advertising rates were higher on cross-owned radio stations in larger markets with 30 or more stations. *See* UCC, *et al*. Comments at 38. However, this effect on ad prices was not statistically significant when demographic variables were taken into account. In other words, when utilizing the model with more variables and greater explanatory power, radio/television cross-ownership had no effect on radio ad prices. *See Chipty Radio Programming Study* at Table 32.

Clearly, in their zeal to find support for turning back the clock to the 1970s and reinstating the ban on radio/television cross-ownership, commenters have very selectively cited only particular findings and models from the various ownership studies. It is hardly surprising that commenters also failed to acknowledge, at all, findings that demonstrated the benefits to be gained from radio/television cross-ownership. For instance, the *Shiman Ownership Structure Study*[34] concluded that the cross-ownership with radio stations was associated with three minutes more per day (a 15% increase) in public affairs programming on television stations. *Id.* at 24.[35] In addition, the *Stroup News Radio*

[34] Daniel Shiman, *The Impact of Ownership Structure on Television Stations' News and Public Affairs Programming* (July 24, 2007).

[35] With regard to news programming, the *Shiman Ownership Structure Study* found, in one model, that there was a statistically significant and positive relationship between cross-ownership with radio stations and the amount of news provided by television stations. *See id*. at I-22. This finding with regard to news, however, may be less robust because, in another model controlling for network affiliation, cross-ownership with radio stations had no significant impact on the news amounts provided by television stations. *See id*. at I-21.

Study concluded that cross-ownership with a television station in the same market made a radio station about twice as likely to be a news-formatted station.[36] Overall, a fair reading of the many findings in the various ownership studies does not provide any basis for the Commission to impose greater restrictions on the cross-ownership of radio and television stations. Especially in light of the separate television duopoly and radio multiple ownership rules, the maintenance of further restrictions on radio/television cross-ownership appears unnecessary in light of competition, as well as the affirmative public interest benefits associated with such cross-ownership.

3. Claims that No Benefits Would Flow from Allowing Duopolies in Smaller Markets Are Not Supported by the Record

While acknowledging that the *Shiman Ownership Structure Study* "could provide some support for the current" duopoly rule,[37] commenters nonetheless maintain that "it provides no support for further relaxation of the rule." UCC, *et al*. Comments at 31. "To the extent that duopolies are allowed in smaller markets," commenters claim that the Shiman study provides "no reason to think that similar benefits would flow from such ownership arrangements." *Id*. This assertion is completely unsupported, and, in fact, there are reasons to believe that greater benefits would flow from duopolies in medium and smaller markets. As discussed in detail in earlier comments,[38] the need for television

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[36] Craig Stroup, *Factors that Affect a Radio Station's Propensity to Adopt a News Format* (2007).

[37] The *Shiman Ownership Structure Study* concluded that the co-ownership of television stations in the same market "has a large, positive, statistically significant impact on the quantity of news programming." *Id*. at I-21. "For each additional co-owned station within the market, there is an increase in the amount of news minutes by 24 per day about a 15% increase." *Id*.

[38] *See* NAB Initial Comments at 87-98; NAB Reply Comments at 59-70; NAB Comments on FCC Studies at 17-18.

stations to form more competitively viable ownership structures is most acute in mid-sized and smaller markets, in large part because "small market stations are competing for disproportionately smaller revenues than stations in large markets." *2002 Biennial Review Order*, 18 FCC Rcd at 13698.[39] Commenters in this proceeding have submitted further information demonstrating "the different economics of station ownership depending on market size," which the Commission has already expressly recognized. *Id*.[40] Given the demonstrated relationship between financial strength and the offering of costly programming such as local news,[41] allowing stations in small markets that earn disproportionately smaller revenues to form competitive ownership structures more attractive to advertisers will clearly enhance their ability to offer high quality services and programming. Bare assertions that the demonstrated benefits of duopolies would

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[39] *Accord* Gregory Crawford, *Television Station Ownership Structure and the Quantity and Quality of TV Programming* at 25 (July 23, 2007) "("*Crawford Television Programming Study*") (finding that larger markets "have statistically and economically significantly higher advertising prices").

[40] *See* NAB Initial Comments at Attachment F, *Local Television Market Revenue Statistics*; NAB, *Ex Parte* in MB Docket No. 06-121 (filed Sept. 25, 2007) at Attachments E & F, *Annual Television Financial Surveys* and Attachment B, *The Declining Financial Position of Television Stations in Medium and Small Markets* (Sept. 2007). Beyond previously recognizing that the ability of local television stations to compete successfully has been "negatively" impacted "in mid-sized and smaller markets," *2002 Biennial Review Order*, 18 FCC Rcd at 13698, the Commission has specifically acknowledged that "competitive realities are substantially different" in radio "markets of different sizes." *FCC Radio Order*, 7 FCC Rcd at 2777.

[41] The Commission's examination of ownership structure found that the "financial strength of the parent" of a television station "measured by its revenues, is associated with a larger news output." *Shiman Ownership Structure Study* at I-21. This empirical finding is consistent with considerable previous research linking station profitability and the provision of news and other non-entertainment programming. *See* NAB Comments on FCC Studies at 14-15 (discussing a number of earlier studies).

somehow cease to flow from duopolies if those station combinations were formed in smaller markets should be disregarded.[42]

Commenters also claim that they "find no support for the argument that combinations will provide a better financial outlook" for stations in small markets. Consumers Union, *et al*. Comments at 10. In fact, at least two studies have demonstrated that the acquired stations in duopolies experience increases in their local audience share and revenue share following their acquisition.[43] Moreover, the more recent of these studies focused solely on duopolies in mid-sized and smaller markets (*i.e*., DMAs ranked 51 and higher), and found that the acquired stations experienced a 15.4% increase in their revenue shares and an 11.0% increase in their audiences shares from pre-acquisition levels. *See 2006 Duopoly Study* at 6.

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[42] Commenters also erroneously claim that the *Shiman Ownership Structure Study* provides support for the current top-four duopoly restriction "because larger station groups provide less news coverage per additional station owned by the parent corporation." UCC, *et al*. Comments at 31. This statement is a complete nonsequitur, as the Shiman study's finding involved the number of television stations owned by the parent nationally across multiple markets, not the number of television stations owned within any single market. NAB also observes that the effect found on news coverage was very small – specifically, stations in larger station groups were found to provide only a quarter minute per day less of news programming, per each additional station owned nationally by their parent. *Shiman Ownership Structure Study* at I-21. This finding may be explained by the fact that larger station groups tend to have more stations (as a percent of the total) in smaller markets, which offer less news programming than larger markets due to the lesser revenue potential in smaller markets. *See Crawford Television Programming Study* at 23; Philip Napoli, *Television Station Ownership Characteristics and News and Public Affairs Programming: An Expanded Analysis of FCC Data*, 6 Info: The Journal of Policy, Regulation, and Strategy for Telecommunications, Information, and Media 112 (2004).

[43] *See* NAB Initial Comments at Attachment H, BIA Financial Network, *Economic Viability of Local Television Stations in Duopolies* (Oct. 23, 2006) ("*2006 Duopoly Study*"); Comments of Coalition Broadcasters, MB Docket No. 02-277 (filed Jan. 2, 2003), at Attachment A (BIA Financial Network, *Television Local Marketing Agreements and Local Duopolies: Do They Generate New Competition and Diversity?*).

Thus, Consumers Union, *et al.*'s assertion about the alleged lack of financial benefits to be gained from joint ownership of stations in smaller markets is directly contradicted, not only by these duopoly studies, but also by the real-world experience of smaller market radio stations before and after passage of the 1996 Act. *See supra* Section I; *FCC Radio Order*, 7 FCC Rcd at 2760 (when radio stations in the early 1990s could not be commonly owned in local markets, the financial "outlook for small radio stations" was "particularly bleak," with "more than half of all stations, primarily those with less than $1 million in sales, los[ing] money"). The actual experience of the broadcast industry since the 1990s thus shows that allowing station combinations do in fact result in a better financial outlook for small market stations. *See 2002 Biennial Review Order*, 18 FCC Rcd at 13733 (post-1996 changes in ownership structures have "enable[d] radio owners to achieve significant efficiencies" and have brought "financial stability" to the "radio industry").[44]

Interestingly, Consumers Union, *et al.*'s new research on the amounts of news and public affairs programming available on a market level indicates that television "duopolies may lead to more local news and public affairs." Consumers Union, *et al.* Comments at 98. Although Consumers Union, *et al.* generally continue to insist that "[a]s market concentration increases, local news and public affairs decreases," they also find that "duopolies appear to work in the opposition direction." *Id*. Thus, the research of those opposing reform of the local ownership rules provide further evidence of the

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[44] NAB again demonstrates the progressively more difficult financial position of lower-rated television stations in mid-sized and small markets in a separate *ex parte* filing today, in which we provide further data about lower-rated stations in smaller markets for *all* years 1996-2005. This submission shows that the lower 25% of stations in all market ranges 51+ suffered declining profitability (as well as actual losses in most of these years.)

public interest benefits that flow from the common ownership of television stations in local markets.

Consumers Union, *et al*. attempt to rationalize their research results by arguing that increased consolidation (as measured by the HHI of revenues) causes news and public affairs output to decrease, which works in the opposite direction of the positive duopoly effect on news and public affairs programming. *See* Consumers Union, *et al*. Comments at 98. In other words, according to Consumers Union, if a duopoly is created, the duopoly may have a positive effect on news/public affairs programming but the increase in HHI resulting from the duopoly will have a negative effect on that programming, with the net effect of a duopoly depending on how much it affects concentration in the market. This argument is incorrect because multivariate regression analysis allows a researcher to assess the impact of changes in one variable while holding all other variables constant. In this case, the coefficients for duopoly indicate that, for a given level of HHI and all other independent variables, the presence of a duopoly leads to a greater number of market news minutes. Consumers Union, *et al*.'s attempt to change two variables (HHI and duopoly) concurrently, while holding all the other variables constant, and using the estimated coefficients appears highly questionable. In fact, changing multiple independent variables at the same time undermines the basic assumptions used in multivariate regression analysis (in which one examines each independent effect while holding all other variables constant).[45]

[45] *See* Harry H. Kelejian and Wallace E. Oates, *Introduction to Econometrics: Principles and Applications* at 120 (1974) ("to determine [in multiple regression models] the effect of each independent variable we must somehow separate its effect from the influence that all the other independent variables have on the dependent variable").

Finally, NAB today submits yet more evidence of the public interest benefits to be gained from allowing duopolies in more markets. A study by Economists Incorporated examined whether full-power commercial broadcast stations that are commonly owned or operated (via a local marketing agreement or local service agreement) with another full-power commercial station in the same DMA are more likely to carry local news, public affairs or current affairs programming.[46] The study concluded that stations that are commonly owned or operated are significantly more likely to carry local news and public affairs programming than other stations, even after controlling for other factors. Specifically, a station in a same-market combination is 6.2% more likely to carry such programming than a station that is not in such a local combination. *E/I Duopoly News Study* at 6-7.

4. The Relevant Studies Do Not Support Cutting Back on the Local Radio Ownership Levels Set by Congress in 1996

Commenters' assertions that the studies support tightening the local radio ownership rules (*see* UCC, *et al*. Comments at 39) are not supported by any reasonable reading of the studies. These commenters ignore the findings of several studies that, if anything, support continued relaxation of the local radio restrictions. For example, the *Stroup News Radio Study* found that "[h]aving a sibling news station in the market appears to increase a [radio] station's propensity to adopt a news format by about 50%." *Id*. at III-16. The *Lynch Radio Airplay Study* concluded that radio stations "owned by parents having more pervasive radio operations are more likely to air informational programming." *Id*. at II-1. In particular, "stations owned by parents with more extensive

[46] Attachment, Michael G. Baumann and Kent W. Mikkelsen, Economists Incorporated, *Effect of Common Ownership or Operation on Television News Carriage: An Update* (Nov. 1, 2007) ("*E/I Duopoly News Study*").

radio operations, both in- and out-of-market, aired a significantly greater quantity of public affairs programming overall." *Id*. at II-22. Specifically, "an additional in-market station owned by the parent increased the quantity of public affairs programming" by "about 10%." *Id*. at II-23.

Claims that studies do not show that common ownership leads to greater radio programming variety are also incorrect. *See* UCC, *et al*. Comments at 43. Beyond the *Chipty Radio Programming Study*, NAB's earlier comments identified eight additional studies finding that common ownership of radio stations resulted in the offering of more diverse and more targeted programming to audiences. *See* NAB Comments on FCC Studies at 21-22. And despite implications that the programming offered by radio groups does not well serve today's listening public, the Chipty study found that listeners "served by large radio groups, as measured by the number of commercial stations owned nationally by in-market owners, listen more." *Chipty Radio Programming Study* at 42. Moreover, "stations operating in markets with other commonly owned stations achieve higher ratings" than "independent stations." *Id*. at 43. Assertions by supporters of increased regulation that common ownership in local radio markets results in inferior programming that fail to serve listeners are clearly not supported by the Chipty study.

Finally, although commenters make claims about reductions in competition in the radio marketplace since 1996 (*see* UCC, *et al*. Comments at 44), they make no reference to empirical findings demonstrating that "consolidation in local radio has no statistically significant effect on advertising prices." *Chipty Radio Programming Study* at 40. National ownership in fact has a "statistically significant, negative effect on advertising prices." *Id.* at 41. The results of this study are moreover consistent with several previous studies of the radio industry. *See* NAB Comments on FCC Studies at 25; NAB Initial Comments at 74-76.

In short, the recent studies, and the record in this proceeding overall, present no grounds upon which increased restrictions on local radio ownership can be justified.[47] To the contrary, the diversity benefits and the lack of competitive harm resulting from common ownership compels the Commission to consider continuing the relaxation of these limits.

C. Opponents of Reform Attempt to Rely Inappropriately on Judgments About Broadcast Content to Bolster Their Case for Intrusive Regulation

Even a cursory review of some comments in this proceeding leads one to suspect that much of the enthusiasm for regulation of broadcast outlets derives from the fact these commenters simply do not like certain content aired by broadcast stations and would prefer other content. While these commenters are certainly entitled to their personal opinions about broadcast content, these judgments are inappropriate for the Commission to consider when determining whether structural broadcast rules remain necessary in the public interest as the result of competition. Particularly when directly regulating media entities – an area replete with First Amendment implications – the government cannot base its rules on "private notions of what the public ought to hear."[48]

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[47] In a separate *ex parte* submission filed today, NAB provides further detailed refutations of unwarranted claims made by some commenters in this poceeding about certain ownership and programming trends in the radio industry. *See* Mark R. Fratrik, Ph.D., BIA Financial Network, *A Review of the Future of Music Coalition Study: Missing a Basis in the Reality of the Radio Industry*.

[48] *Turner Broad. Sys., Inc. v. FCC*, 512 U.S. 622, 650 (1994).

For example, certain commenters do not value programming – or display an outright distaste for programming – that the vast majority of viewers and listeners clearly value. These commenters complain about too much music and sports on the radio[49] and object to treating weather and sports as a valid part of television news programming.[50] Given the value that television viewers place on weather and sports programming, such programming obviously should not be ignored when looking at the total amount of news content, as other commenters have made clear.[51]

Some commenters even devalue national and international news, contending that one study's finding that newspaper cross-owned stations air more news should be disregarded because the study considered all news – local, national and international. *See* UCC, *et al*. Comments at 15-16 (discussing *Shiman Ownership Structure Study*). That position is untenable. As NAB previously explained, the range of choices relevant to diversity goes beyond traditional newscasts and, particularly, beyond just local news. *See* NAB Initial Comments at 56. Although local broadcasters certainly agree that local news is one of the most important services they provide to viewers and listeners, the provision of local news is not the sole way to judge an outlet's contribution to diversity, especially

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[49] *See* Comments of Carolyn M. Byerly and John R. Arnold in MB Docket No. 06-121 at 2 (filed Oct. 18, 2007); UCC, *et al*. Comments at 46.

[50] *See, e.g.*, UCC, *et al*. Comments at 15 (suggesting that a study's finding that newspaper-owned television stations air greater amounts of news programming is not valid because it includes "sports and weather in the minutes it calls news").

[51] *See, e.g.*, Letter from Jim Tozzi, Center for Regulatory Effectiveness to FCC, MB Docket No. 06-121 at 11-12 (May 3, 2007) (calling the exclusion of weather and sports from a study of local news to be "arbitrary," and noting that local news broadcasts "compete heavily based on their coverage of weather and sports" and that local stations often cover high school and other teams of local interest that receive little or no national attention).

today. Many of the most important and controversial issues now facing Americans, such as terrorism, the war in Iraq, energy prices, global warming and the environment, and the economy, are national or even international in scope, but also extremely important to local audiences. Thus, an empirical study demonstrating a link between newspaper ownership and greater amounts of news programming on cross-owned television stations cannot be ignored because the study considered national and international, as well as local, news.[52]

NAB also has reservations about the extent to which commenters apparently want the Commission to become involved in examining the specific content – and, more problematic still, the viewpoints – of news programming and whether such programming is balanced. These commenters argue that multiple studies conducted for and by the Commission showing that newspaper ownership leads to greater amounts of news programming on television stations are essentially irrelevant because these studies focused on the amount of news aired by the television stations, rather than on the specific "stories" aired and the "differing perspectives" offered. UCC, *et al*. Comments at 11. In addition, commenters specifically criticized the *Milyo Cross-Ownership Study* on the partisan slant of television news coverage[53] as lacking "relevance" because it failed to "examine whether the news coverage of cross-owned television stations is balanced or

[52] In any event, other studies in this proceeding demonstrated a positive link between newspaper cross-ownership and local television news specifically. *See Crawford Television Programming Study* at 23; *Milyo Cross-Ownership Study* at 19.

[53] Dr. Milyo's study found that there is no difference in the partisan slant between newspaper cross-owned television stations and other major network-affiliated stations in the same market. To reach this determination, Dr. Milyo examined differences in (i) speaking time allowed to candidates; (ii) candidate coverage; (iii) partisan issue coverage; and (iv) opinion polls favoring one party or the other.

fair." *Id*. at 27.[54] When directly regulating broadcast outlets – an area infused with First Amendment concerns – it would be highly problematic for the government to justify intrusive ownership rules based on considerations such as the actual news "stories" aired, the political or other "perspectives" offered, or the inherently subjective perceptions of the "balance" of the programming.[55] The danger such a path represents is clear, especially given some commenters apparent objections to the "perspectives" of certain material aired on broadcast stations.[56]

Complaints such as those voiced by commenters in this proceeding about the content of broadcast programming, including informational programming, have been made by some commenters throughout the Commission's ownership proceedings. But as has been observed, "[n]o regulation can make local news harder and better," and demands for "better" or different programming often stem from the "belief that it is the right of elites to dictate tastes to viewers and listeners."[57] For all the reasons discussed above, rational local ownership regulations cannot be based on the personal judgments of

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[54] *See also* Consumers Union, *et al*. Comments at 12 (criticizing Dr. Milyo's study of media bias for failing to analyze the specific content of "[w]hat is actually said or shown" about issues in news stories).

[55] *See Turner Broadcasting System, Inc. v. FCC*, 512 U.S. 622, 640-41 (1994) ("[L]aws that single out the press, or elements thereof, for special treatment pose a particular danger of abuse," and "so are always subject to at least some degree of heightened First Amendment scrutiny"); *Police Dept. of City of Chicago v. Mosley*, 408 U.S. 92, 95 (1972) ("[A]bove all else, the First Amendment means that government has no power to restrict expression because of its message, its ideas, its subject matter, or its content.").

[56] *See, e.g.,* Comments of Byerly and Arnold at 3 (complaining about the "right-wing programs" on radio); Comments of UCC, *et al*. at 47 (objecting to labeling certain specific radio programs as news).

[57] T. Krattenmaker and L. Powe, *Regulating Broadcast Programming* at 311, 315 (1994).

a few parties about the lack of value or worth of specific programming content – especially when such content (including weather, sports and national and international news) is clearly valued by viewers and listeners.

Similarly patently false complaints about broadcasters' alleged failures to provide emergency information must be ignored. *See* Comments of Byerly and Arnold at 5. Broadcasters excel at providing emergency information, whether approaching hurricanes or dangerous wildfires or AMBER alerts for abducted children. *See* NAB Initial Comments at 61-63. Allegations that broadcasters failed to alert U.S. citizens after the World Trade Center bombings are so wildly inaccurate as to defy reality. *See* Comments of Byerly and Arnold at 5. Broadcast stations were on air 24 hours a day with coverage of the terrorist attacks, and no one can point to a single U.S. citizen who did not know about the attacks due to any alleged shortcoming of broadcasters. Implications that citizens were uninformed because the national EAS system was not activated due to some unspecified failure by broadcasters only reveal a complete lack of knowledge as to how the EAS system actually operates. It is the *government* (either the President for a national emergency or local government for a local emergency) that must choose to activate the system in an emergency. If any commenters believe that the EAS system should have been activated in specific situations such as the September 11 attacks, then those commenters should direct their complaints to the responsible government officials, rather than make inaccurate and unsupportable allegations about television and radio broadcasters.

III. Relevant Studies Do Not Demonstrate A Link Between Common Ownership Of Broadcast Stations And Decreased Opportunities For Minorities And Women In Broadcasting

Several commenters in this proceeding call for tightening broadcast ownership restrictions because the common ownership of broadcast outlets inevitably leads to a decline in the level of minority and female ownership and to decreased opportunities for members of these groups in the broadcast industry.[58] The relevant studies do not demonstrate this assertion. Moreover, according to other commenters, ownership restrictions artificially depress the value of broadcast stations, which harms existing minority/female owners and does not aid members of minority groups or women in acquiring stations.

One study conducted for the Commission did purport to find that the limited relaxation of the duopoly rule in 1999 has had a negative impact on minority and female ownership of television stations.[59] The opponents of ownership reform cite the *Hammond Duopoly Study* as supporting their claims that allowing common ownership of broadcast outlets automatically has a deleterious effect on minority and female ownership of stations, failing to acknowledge that the peer reviewer of this study found it to be "fatally flawed."[60] Indeed, the peer reviewer concluded that the authors of the *Hammond*

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[58] *See* Comments of The National Organization for Women Foundation, *et al*. in MB Docket No. 06-121 (filed Oct. 22, 2007); UCC, *et al*. Comments; Consumers Union, *et al*. Comments; Comments of Consumers Union, Consumer Federation of America and Free Press in MB Docket No. 06-121 (filed Oct. 1, 2007).

[59] *See* Allen Hammond, *et al*., *The Impact of the FCC's TV Duopoly Rule Relaxation on Minority and Women Owned Broadcast Stations 1999-2006* (2007) ("*Hammond Duopoly Study*").

[60] B.D. McCullough, Peer-Review Report on "The Impact of the FCC's TV Duopoly Rule Relaxation on Minority and Women Owned Broadcast Stations 1999-2006" by

Duopoly Study "have not provided *any* evidence" that the "Duopoly Rule relaxation" caused a decline in the number of minority and/or female-owned broadcast stations. *McCullough Peer Review* at 2 (emphasis added).

Other commenters have strongly criticized the *Hammond Duopoly Study* as well. The Center for Regulatory Effectiveness, in a lengthy and detailed examination, criticized the *Hammond Duopoly Study* for using data "unfit for any serious analysis," its "non-transparent, biased methodology" and its "unsupported conclusions and biased statements."[61] As a result, CRE argued that this study "cannot be used or relied on by the Commission." CRE Comments and Petition at 1. Yet commenters contending that reform of any of the broadcast ownership rules will harm opportunities for minorities or women to participate in the broadcast industry primarily rely on this flawed study.

Consumers Union, *et al*. also submitted a study purporting to show that any rule changes resulting in increased consolidation "will *unambiguously* lead to a decline in the level of female and minority ownership."[62] Specifically, Consumers Union claims that permitting increased levels of common ownership "artificially" increases stations prices and those higher prices harm minority and female broadcasters and prospective

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Hammond, *et al*. (finding that the Hammond Duopoly Study failed to consider or control for economic, demographic or other differences in television markets and that such errors "pervade[] every aspect of the analysis") ("*McCullough Peer Review*").

[61] *Request That the "Fatally Flawed" Media Ownership Study 8 Be Designated as Non-Compliant with the Data Quality Act*, Comments and Data Quality Petition of The Center for Regulatory Effectiveness in MB Docket No. 06-121 (Oct. 2007) ("CRE Comments and Petition").

[62] Comments of Consumers Union, Consumer Federation of America and Free Press in MB Docket No. 06-121 at 3 (Oct. 1, 2007) (emphasis added) ("Consumers Union Minority/Female Ownership Comments").

broadcasters. Consumers Union Minority/Female Ownership Comments at 26. However, a critique of this analysis by the Center for Regulatory Effectiveness found that Consumers Union's conclusion calling for ownership restrictions to promote minority/female participation was "contradicted by their own data" and that ownership restrictions were in fact "counterproductive to [increasing] minority and female ownership."[63]

CRE explained that, with respect to the impact of prices, marketplace restrictions artificially depress the value of broadcast stations and that harms both current and potential female and minority stations owners. For existing minority/female owners, ownership restrictions reduce the asset and net worth values of their stations, which in turn reduces their borrowing capabilities (and thus their ability to acquire additional broadcast properties, to upgrade programming, or to make other investments in their stations). Since access to capital is a key barrier to expansion or to entry for minority/female broadcasters, ownership restrictions that reduce the capital of existing minority- and female-owned stations owners will not increase their ability to acquire additional broadcast properties, but will in fact decrease their ability to do so. With regard to potential minority and female entrants into the broadcast industry, ownership restrictions that reduce the value of broadcast properties makes stations easier to purchase by *all* investors (including those with greater access to capital), not just by women and minorities. *See* CRE Reply Comments at 2-4.

[63] *Consumers Union, et al. Has Not Demonstrated a Link Between Market Concentration and Minority/Female Station Ownership*, Reply Comments of The Center for Regulatory Effectiveness in MB Docket No. 06-121 at 3-4 (Oct. 2007) ("CRE Reply Comments").

Beyond failing to understand that depressing the value of broadcast properties hurts all broadcast station owners, including minority and female ones, CRE found that Consumers Union's assertion that increased common ownership "unambiguously" leads to reduced minority and female ownership was not supported by Consumers Union's own data. According to Table 13 of the Consumers Union study, members of minority groups owned 40 full power commercial television stations in 1998, 35 stations in 2000, and 44 stations in 2006.[64] Thus, members of minority groups owned a greater number of television stations in 2006 than they did before the Commission modestly relaxed the television duopoly rule in 1999.[65] As CRE pointed out, an increase in the number of television duopolies starting after the rule change in late 1999 did not "unambiguously" lead to reduced minority ownership, but in fact "coincided with increased minority television ownership." CRE Reply Comments at 4. CRE further noted that Consumers Union did not provide similar data on changes over time in female-owned television stations or in minority- and female-owned radio stations. *Id*. at 4 note 10.

In light of the *McCullough Peer Review* and CRE's critiques, NAB urges the Commission to evaluate carefully data purporting to link common ownership of broadcast outlets with a decline in minority and female ownership. Indeed, NAB notes

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[64] Appendix A, *The Lack of Racial and Gender Diversity in Broadcast Ownership & The Effects of FCC Policy: An Empirical Analysis* (Sept. 2007), attached to Consumers Union Minority/Female Ownership Comments.

[65] According to Consumers Union, the total number of full-power commercial television stations increased from 1209 in 1998 to 1349 in 2006, so the percentage of stations owned by minorities decreased very slightly, from 3.31 to 3.26.

that earlier studies found that "minority groups increased their radio ownership" after 1996.[66]

Consistent with our earlier comments in this proceeding, NAB again urges the Commission to recognize that the public interest is best served by policies designed to encourage minority and female participation in a competitively vibrant communications industry. Accordingly, the Commission should reject calls from some commenters in this proceeding to create a fragmented, undercapitalized and uncompetitive broadcast industry as an (ineffective) means of promoting minority and female ownership. Instead, the Commission must look for solutions that will promote the long-term viability of women and minority entrants into broadcasting. To that end, NAB strongly supports policies that would help ameliorate the lack of access to capital that everyone agrees inhibits small and minority- and female-owned businesses from entry into the broadcasting and other communications-related industries.[67] NAB has long supported the reinstatement of a tax incentive program as the most effective way to promote diversity of ownership in broadcasting. NAB also supports a range of other proposals made by the Minority Media

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[66] National Telecommunications and Information Administration, *Changes, Challenges and Charting New Courses: Minority Commercial Broadcast Ownership in the United States* at 38 (Dec. 2000). *See also* Kofi A. Ofori, *Radio Local Market Consolidation & Minority Ownership* at 10-12, Attached as Appendix One to Comments of MMTC in MM Docket Nos. 01-317 and 00-244 (filed March 27, 2002) (showing increase in the number of minority owned and controlled radio stations since 1997).

[67] *See, e.g., Report* in GN Docket No. 96-113, 12 FCC Rcd 16802, 16920 (1997); H.R. Rep. No. 111, 103d Cong., 1st Sess. 254-55 (1993); Small Business Credit and Business Opportunity Enhancement Act of 1992, Pub. L. No. 102-366, § 331(a)(3), 106 Stat. 986, 1007 (1992); Arie Beresteanu and Paul Ellickson, *Minority and Female Ownership in Media Enterprises* (June 2007).

and Telecommunications Council to promote the entry and participation of minorities and women in broadcasting.[68]

In sum, we emphasize that the common goal of all parties in this proceeding is to promote greater participation by minorities and women in the broadcast industry. NAB believes that the best way to reach this goal is through public/private partnerships and market-based stimulants that will promote entry and the long-term viability of female and minority entrants in a competitively vibrant broadcast industry.

IV. Conclusion

A balanced reading of the ten peer-reviewed studies conducted for and by the Commission in this proceeding overall support the prompt conclusion of the statutorily-mandated quadrennial review of the broadcast-only ownership restrictions, and the reform of those rules to serve the public interest in light of competition. The vain attempts by some commenters to obscure the findings of these studies by indulging in overblown rhetoric, straining to reinterpret data, making highly selective readings of the studies' findings, and overstating their own research results cannot support their calls for maintaining without any change (or even increasing) the restrictions on local broadcasters. As NAB and other broadcasters have demonstrated throughout this proceeding, the Commission's goals of localism, diversity and competition will be best

[68] *See* Comments of NAB in RM-11388 (filed Sept. 5, 2007); Comments of NAB in MB Docket No. 06-121 (filed Oct. 1, 2007); Reply Comments of NAB in MB Docket No. 06-121 (filed Oct. 16, 2007).

sustained by permitting local stations to compete effectively against multichannel and Internet-based outlets for viewers, listeners and vital advertising revenues.

Respectfully submitted,

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November 1, 2007

Effect of Common Ownership or Operation on Television News Carriage: An Update

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November 1, 2007

Introduction

Economists Incorporated was asked to update some of its analysis that was submitted to the Federal Communications Commission as part of the 2002 Biennial Regulatory Review of the Commission's broadcast ownership rules.[1] In particular, we were asked to update the analysis of the effect of common ownership or operation on the likelihood that a television station provides local news, public affairs, or current affairs programming.

Joint ownership or operation of two or more broadcast television stations in a market may affect programming behavior for several reasons. First, both theory and common sense suggest that jointly owned or operated stations will tend to avoid targeting the same audiences on these stations.[2] For example, jointly owned stations might broadcast news programs at different times rather than at the same time. Doing this would give both news viewers and entertainment viewers a wider range of choices in either time slot. It is also possible that the owner would choose to carry news programming on one station but not the other. Second, jointly owned or operated stations may have different costs, and a cost difference may alter the stations' preferred programming mix.[3] Either of these effects could affect the decision to carry news on a particular station.

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* The authors wish to acknowledge research assistance from Valerie Bostwick.

[1] See Economic Study B: Effect of Common Ownership or Operation on Television News Carriage, Quantity and Quality, by Bruce M. Owen, Kent W Mikkelsen, Rika O. Mortimer, and Michael G. Baumann, January 2, 2003.

[2] For a survey of these effects see Bruce M. Owen and Steven S. Wildman, *Video Economics* (1992), chapters 3 and 4.

[3] For instance, if joint ownership reduces the cost of selling advertising, stations may find it profitable to increase their audience size through acquisition of higher-quality programming.

This paper uses multiple regression techniques to investigate whether full-power commercial broadcast television stations that are commonly owned or operated (via a Local Marketing Agreement (LMA) or a Local Service Agreement (LSA)) with another full-power commercial station in the same DMA are more likely to carry news, public affairs, or current affairs programming, holding other factors constant.

The paper's principal finding is that stations that are part of a commonly owned local station group or same-market LMA or LSA relationship are significantly more likely to carry local news than other stations, even after controlling for other factors. This result is consistent with the findings of our previous study.

Data

This study focused on the behavior of full-power commercial broadcast television stations that are either commonly owned in the same DMA or involved in a same-market LMA or LSA relationship. For this reason, only full-power commercial broadcast stations were included in the study.

TV Guide was used to identify stations carrying local news and/or public affairs and current affairs programming. TV Guide maintains a database of program listings for most of the television stations in the United States. TV Guide includes in its database indicators for news, public affairs and current affairs programs, and another indicator that distinguishes local programs from national programs. TV Guide provided a list of all programs during the week October 15-21, 2007 identified as news, public affairs or current affairs (both local and national) for all full-power broadcast television stations in the TV Guide database. These data were used to determine whether or not a station carries local news or public/current affairs programming during the sample period.

BIA Financial Network ("BIA") maintains a database of information about broadcast television stations. This database was used to identify full-power commercial broadcast stations in the United States.[4] BIA was the source for many station- and DMA-level va-

[4] The stations used in the study are those which BIA designated as "MAIN" and are located in DMAs ranked 1-210. Public stations, satellite stations, low-power stations and stations located outside the United States are excluded. Four stations identified by BIA as "MAIN" were determined to operate as satellites of another station and were excluded. One station that BIA classified as "SAT" was deter-

riables discussed below. BIA was also useful in determining which stations are part of a same-market station group or LMA/LSA relationship. A preliminary list of such stations was prepared, including all stations within a DMA that BIA identified as having a common owner or parent and all stations with a positive indicator in BIA's LMA field. This preliminary list was compared to a list of TV duopolies contained in FCC Study 8: "The Impact of the FCC's TV Duopoly Rule Relaxation on Minority and Women Owned Broadcast Stations 1999-2006."[5] Discrepancies were resolved through the use of Internet information including station web sites and owner web sites.[6]

Consistent with the methodology employed in the prior study, several variables were constructed to indicate the usage of various non-television media within each DMA, as follows:

Radio

Data on radio listening were derived from a database of radio stations maintained by BIA. For radio stations rated by Arbitron, BIA reports the number of the station's listeners age 12 and older during an average quarter hour during the day.[7] To construct a DMA-level measure of listenership, each Arbitron Metro Market that is totally contained within a DMA was assigned to that DMA. In some cases, a DMA encompasses several Metro Markets. Metro Markets that extend across a DMA boundary were broken into their constituent counties, and the counties were assigned to the DMAs to which they belong. In these instances, it was assumed that the percentage of the 12+ population listening to a station in each constituent county was the same as the percentage of the 12+ population listening in the Metro Market as a whole. The percent of the 12+ population listening to radio was then calculated for each DMA from the Metro Markets and consti-

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mined to carry different programming than the station for which it was supposedly a satellite and was included as a MAIN station. Digital stations were excluded from the analysis.

5 A list of TV duopolies is presented at Appendix A to FCC Study 8.

6 As part of this process, certain stations were identified as part of an LMA or LSA that were not identified either by BIA or in FCC Study 8.

7 The previous study used Arbitron data on the average quarter hour percent of the 12+ population using radio in each Metro Market instead of the average quarter hour number of listeners to each station. The slight change in this variable is due to data availability. The DMA level of listenership was calculated using a procedure essentially the same as in the 2003 study.

tuent Metro Market counties assigned to that DMA. This procedure resulted in a radio listening measure for 187 of the 210 DMAs.

Internet

The previous version of this analysis relied on a 2001 U.S. Census Bureau survey for information on Internet access and use. This source has not been updated in recent years, and no alternative source of current information on Internet access and use was available to the authors. For this reason, the current analysis does not include a measure of household Internet usage.[8]

Newspapers

BIA also maintains a database of all newspapers published in the United States. This database indicates for each newspaper whether it is published daily, its Monday-Friday circulation, and what DMA it is in. BIA assigns newspapers to DMAs based on the county of publication. If a county is divided into more than one DMA, BIA assigns the newspaper to a DMA based on the city of publication.[9] The total Monday-Friday circulation of the daily newspapers in each DMA was summed from the newspapers in the DMA. When used in regression analysis, the total daily newspaper circulation in the DMA was expressed as a percentage of households in the DMA. Observations were available for 208 DMAs.

Cable

Warren Communications News maintains a database on individual cable systems. For 2,944 cable systems, these data show the DMA, number of basic subscribers, channel capacity and number of channels not in use. The number of cable channels offered to subscribers was calculated as the difference between channel capacity and channels not in use. Within each DMA, the weighted average number of channels offered to subscribers was calculated, weighted by the number of subscribers. Observations were available for 199 DMAs.

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8 In the previous analysis, the Internet variable was not statistically significant.

9 The previous study used information from *Editor & Publisher* and assigned each daily newspaper to a DMA using the same criteria.

Measures of cable's penetration rate and the penetration rate for alternative delivery systems (ADS) (e.g., DirecTV and EchoStar) by DMA were obtained from the Television Bureau of Advertising and are based on data from Nielsen Media Research.

Procedures and Findings

The most basic regression estimation procedure, ordinary least squares (OLS), assumes that the dependent variable is a continuous random variable. In this model, however, the dependent variable that indicates whether or not a station carries local news only takes on the value of 1 (if it carries local news) or 0 (if it does not). With a dichotomous dependent variable, it is standard procedure to use a non-OLS regression estimation technique, such as logit or probit. The difference between these two methods arises from assumptions on the distribution of error terms: the logit model assumes extreme value distribution and the probit model assumes normal distribution.[10] However, both of these models can be used to predict the probability that an individual station with given characteristics carries news programming.

Independent variables in the regressions are factors believed to affect the decision whether or not to carry local news. These include station characteristics, DMA characteristics, and a dichotomous variable with a value of 1 for stations in a same-market station group, and 0 otherwise. Station characteristics include four dichotomous variables—for affiliation with ABC, CBS, Fox and NBC—and the number of stations held nationwide by the same owner. DMA characteristics include DMA rank, the number of full-power commercial stations in the DMA, total television revenue, average household income, the percentage of population age 55 or older,[11] newspaper circulation per household, cable penetration rate, penetration rate for non-cable video delivery systems (e.g., DBS), the average number of channels available on cable, and the percentage of population listening to radio. The complete list of variables used in the model is reported in Table 1.

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10 See *Qualitative Choice Analysis* by Kenneth Train (1986) and *Limited-Dependent and Qualitative Variables in Econometrics* by G.S. Maddala (1983) for further discussions on the logit and probit models.

11 The previous study used the percentage of population age 50 or older. This age cutoff was not available in the BIA data. The analysis was also run using the percentage of population age 45 or older and the results of the regression were similar to those reported in Table 2.

Table 2 reports the results of the logit regression in explaining whether a station has local news, public affairs or current affairs programming. The coefficient for DUO2007 (i.e., the common ownership or operation indicator variable) is positive and statistically significant at the 5 percent level, implying that commonly owned or operated stations are more likely to carry news programming. The results from the probit model are not reported here, but they are very similar.[12]

Figure 1 below shows the increased probability, on average, that a station will offer news, public affairs or current affairs programming if it is part of a same-market station group. Using the econometric results presented in Table 2, the estimated probability of carrying news, public affairs or current affairs programming was computed for each station in the sample, using the independent variable values for each station and assuming for each station that the value of DUO2007 was zero, i.e., that the station was not part of a same-market station group. The average over all stations of these estimated probabilities is 77.9 percent. Next, the estimated probability was calculated a second time for each station assuming that the value of DUO2007 was one, i.e., that the station was part of a same-market station group. The average of this second set of estimated probabilities is 82.7 percent. The difference in the two averages, 4.8 percentage points, is the average change in the probability of carrying news due to a station being part of a same-market station group. On average, a station in a same-market station group is 6.2 percent more likely to carry local news, public affairs or current affairs programming than is a station that is not in such a group (an increase from 77.9 percent to 82.7 percent likelihood).

Figure 1

Average Likelihood that a Station Will Carry Local News, Public Affairs or Current Affairs Programming

Station not in a same-market station group	Station in a same-market station group	Difference	Percentage Increase in Likelihood
77.9%	82.7%	4.8%	6.2%

[12] To test for robustness, the regression was run again omitting the explanatory variables that were statistically insignificant. In some cases, omitting the statistically insignificant variables increased the usable sample size. The common ownership or operation variable remained positive and significant.

Conclusion

The regression provides strong evidence that a station is more likely to offer local news programming if it is part of a same-market station group.

Table 1. Variable Definitions

NEWS_LPC_TVG	1 if a station offers local news, public and current affairs programming; 0 otherwise (TV Guide)
DUO2007	1 if station is a commonly owned or operated; 0 otherwise (BIA, FCC Study 8, Internet information including station and owner web sites)
RANK	DMA market rank (BIA)
ABC	A dummy variable for ABC affiliates (BIA)
NBC	A dummy variable for NBC affiliates (BIA)
CBS	A dummy variable for CBS affiliates (BIA)
FOX	A dummy variable for Fox affiliates (BIA)
NUM_STAS	The number of stations held by the same owner (BIA)
NUMRATED_M	The number of stations classified as "MAIN" stations (i.e., not cable, public, low power, Class A, translator or satellite) (BIA)
REVENUE	Total television station revenue (BIA)
AVGHHINC	Average household income (BIA)
TOT55PLUS	The percentage of population age 55 and older (BIA)
PAPERCAPITA	Newspaper circulation per household (BIA)
ADS	Penetration rate for non-cable video delivery system (Television Bureau of Advertising)
CABLE	Cable penetration rate (Television Bureau of Advertising)
CHANELSINUSE	The number of channels available in cable (Warren Communications News)
PCTLISTENING	The percentage of population listening to radio (BIA)

Table 2. Dependent variable: NEWS_LPC_TVG (logit)

Logit estimates	Number of obs	=	1083
	LR chi2(17)	=	341.84
	Prob > chi2	=	0.0000
Log likelihood = -378.41681	Pseudo R2	=	0.3111

news_lpc_tvg	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
duo2007	.4358754	.2001589	2.18	0.029	.0435711	.8281797
rank	-.0182175	.0035995	-5.06	0.000	-.0252724	-.0111626
abc	4.086163	.4640072	8.81	0.000	3.176726	4.995601
nbc	4.665111	.5677549	8.22	0.000	3.552332	5.777890
cbs	4.949793	.6382131	7.76	0.000	3.698919	6.200668
fox	2.530669	.3302108	7.66	0.000	1.883468	3.177870
num_stas	.0031685	.0034841	0.91	0.363	-.0036603	.0099972
numrated_m	-.0899081	.0464160	-1.94	0.053	-.1808818	.0010656
revenue	3.92e-07	4.30e-07	0.91	0.361	-4.50e-07	1.24e-06
avghhinc	.0000160	.0000217	0.74	0.462	-.0000266	.0000586
tot55plus	-.0139352	.0454179	-0.31	0.759	-.1029527	.0750823
papercapita	.0106479	.0120961	0.88	0.379	-.0130600	.0343558
ads	-.026557	.0283169	-0.94	0.348	-.0820571	.0289431
cable	-.0059384	.0214613	-0.28	0.782	-.0480018	.0361249
channelsinuse	-.0037921	.0062699	-0.61	0.545	-.0160751	.0084908
pctlistening	.0562693	.0639024	0.88	0.379	-.0689770	.1815157
constant	1.408172	2.573879	0.55	0.584	-3.636538	6.452883