Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
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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
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Cross-Ownership of Broadcast Stations and Newspapers	)	MB Docket No. 01-235
	)	
Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets	)	MB Docket No. 01-317
	)	
Definition of Radio Markets	)	MB Docket No. 00-244

REPLY COMMENTS OF THE NEWSPAPER ASSOCIATION OF AMERICA ON MEDIA OWNERSHIP RESEARCH STUDIES

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I. INTRODUCTION AND SUMMARY

The Newspaper Association of America ("NAA") hereby submits its reply comments on the 13 statistical and economic studies the Commission released in the above-referenced dockets on July 31, 2007.[1] As the majority of commenters recognized in the opening round of this proceeding, the studies provide substantial additional evidence that eliminating the blanket ban

[1] *See* FCC Public Notice, *FCC Seeks Comment on Research Studies on Media Ownership*, DA 07-3470, MB Docket. Nos. 06-121, *et al.* (rel. July 31, 2007); FCC Public Notice, *Media Bureau Extends Filing Deadlines for Comments on Media Ownership Studies*, DA 07-4097, MB Docket. Nos. 06-121, *et al*. (rel. Sept. 28, 2007).. Although the studies are numbered 1 through 10, Study 4 is divided into four sections, each of which NAA considers to be a separate analysis. Sections 1 and 3 of Study 4, which are discussed herein, are referred to as Study 4.1 and Study 4.3, respectively.

on newspaper/broadcast cross-ownership would serve the FCC's public interest objectives without posing any countervailing threat to viewpoint diversity.[2] The studies' findings are hardly surprising, in light of the mammoth record developed over the past decade in a series of related proceedings that overwhelmingly supports these same conclusions. Thus, most commenters agree that the studies simply provide further confirmation that the Commission now has far more evidence than it needs to bring this proceeding to a close and to satisfy the mandate from the Third Circuit Court of Appeals to eliminate, finally, the blanket newspaper/broadcast cross-ownership ban.

A small handful of parties, however, persist in their denial of the inescapable conclusions that the record compels. Most notably, Consumers Union, Consumer Federation, and Free Press ("CU/CFA") include a veritable treatise in their latest comments concerning a whole host of perceived procedural and administrative shortcomings associated with this proceeding. Based on this seemingly endless list of complaints, it is clear that these commenters never will be satisfied with the processes undertaken in this rulemaking. Nor will they accept the fact that the agency, at some point, must move forward and actually issue an order. NAA submits that none of these efforts should delay the timing of the FCC's forthcoming, and already long overdue, decision.

Beyond its litany of procedural grievances, CU/CFA refuses to accept the clear results of the latest round of empirical research verifying the positive correlation between newspaper cross-ownership and broadcast news programming. Instead, it argues that the studies must be

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[2] *See, e.g.*, Comments of the Newspaper Association of America on Media Ownership Research Studies, MB Docket Nos. 06-121, *et al.*, at 16-17 (filed Oct. 22, 2007) ("NAA Comments"); Comments of Morris Communications Company, LLC on Media Ownership Research Studies, MB Docket. Nos. 06-121, *et al.*, at 6-7 (filed Oct. 22, 2007); Comments on Research Studies on Media Ownership, Media General, Inc., MB Docket. Nos. 06-121, *et al.*, at 12 (filed Oct. 22, 2007) ("Media General Comments"); Comments of Clear Channel Communications Inc., MB Docket. Nos. 06-121, *et al.*, at 5-10 (filed Oct. 22, 2007); Comments of the National Association of Broadcasters, MB Docket Nos. 06-121, *et al.*, at 2-3 (filed Oct. 22, 2007); Further Comments of Tribune Company on Research Studies on Media Ownership, MB Docket. Nos. 06-121, *et al.*, at 3-5 (filed Oct. 22, 2007) ("Tribune Comments").

discarded and re-done based on different data sets and methodologies. As shown herein, however, the linchpin of these criticisms—that each of the studies must evaluate the effects of cross-ownership on a market-wide, rather than station-by-station, basis—does not result in any meaningful conclusions. As explained in the attached Statement of Kent W. Mikkelsen of Economists Incorporated, CU/CFA's hypothesis that cross-ownership actually has a negative effect on the total amount of news programming available in a local market is contrary to economic theory. It is not, surprising, therefore, that CU/CFA's "market-wide" regression analyses ultimately do not bear out its theory with statistically significant results. Dr. Mikkelsen also notes several other "peculiarities" in CU/CFA's analysis that call into question both its economic hypotheses and the validity of its statistical analyses.

CU/CFA similarly attempts to have the FCC write off the conclusion of Study 6 that newspaper/broadcast cross-ownership does not diminish viewpoint diversity. This study, as an independent peer reviewer has verified, is the most comprehensive that has been conducted on this topic to date and has significantly advanced the ball in this area of research. Moreover, its results are consistent with prior studies and the mountain of experiential evidence on the record concerning the actual performance of cross-owned combinations now in existence. Nonetheless, CU/CFA complains that the study is not nearly exhaustive enough. The framework that CU/CFA suggests in the alternative, however, ultimately would result in an unwieldy and highly subjective analysis that would go far beyond the bounds of reviewable and replicable empirical analysis.

Finally, in its latest comments, CU/CFA takes the opportunity to re-submit the same basic "study" that it already has provided to the agency concerning Internet-based local news and information. Its analysis provides an array of data on some locally oriented websites that NAA and others have cited as evidence of the growing influence that the Internet has had on local viewpoint diversity. Given CU/CFA's persistent claim that such websites are not as "popular" as mainstream media and therefore should be ignored in the Commission's analysis, it is noteworthy that CU/CFA's updated version of its study demonstrates that, in fact, independent local websites now attract considerably larger audiences than they did *even a few months ago*. More importantly, CU/CFA again misconstrues the fundamental contributions that the Internet unquestionably now makes to local viewpoint diversity—a concept that, as NAA has explained repeatedly, has little to do with audience size or market share.

II. CU/CFA'S NEVER-ENDING LITANY OF ADMINISTRATIVE AND PROCEDURAL COMPLAINTS SHOULD NOT FURTHER DELAY AGENCY ACTION IN THIS PROCEEDING.

CU/CFA spends nearly 100 pages in its latest filing fulminating over a long and convoluted list of grievances concerning alleged "biases" and procedural injustices in the manner in which the FCC is conducting its current media ownership proceeding.[3] Based on this lengthy diatribe, it is hard to imagine a workable administrative process that would satisfy the demands of these vehement deregulatory opponents. But however much attention these commenters try to deflect from the procedural realities of this rulemaking, the facts remain that the FCC's serial media ownership proceedings already have produced a mammoth and comprehensive record while the subject ownership restrictions have remained in limbo for years. With respect to the newspaper/broadcast cross-ownership rule in particular, the Commission now has been attempting to reformulate the ban for more than a decade.[4] This prolonged uncertainty clearly

[3] *See* Further Comments of the Consumers Union, Consumer Federation of America and Free Press, MB Docket Nos. 06-121, *et al.*, at 1-3, 17-85 (filed Oct. 22, 2007) ("CU/CFA Comments").

[4] *See* Comments of the Newspaper Association of America, MB Docket Nos. 06-121, *et al*., at 3-4 (filed Oct. 23, 2006) ("NAA 2006 Comments").

has prejudiced broadcasters, newspaper publishers, and the American public. Further, as NAA has explained at length in its prior filings, the agency already has completed the vast majority of the work that it needs to do in order to finally eliminate the flat cross-ownership prohibition.[5] Thus, NAA submits, CU/CFA's latest delaying tactics should be summarily dismissed by the agency for what they are.

Among the many complaints in its latest filing, CU/CFA asserts that the existence of a draft paper authored by the former FCC Chief Economist in June 2006 suggesting possible approaches that would support relaxation of the newspaper/broadcast ban is clearcut evidence of an undue "results-driven" agenda on the part of the FCC to get rid of the restriction.[6] These commenters further complain that the "preconceived notion" reflected in the paper led the agency to commission research that "is deeply flawed in fundamental ways."[7] CU/CFA's nearly 30-page discussion of this paper is entirely misplaced and, indeed, borders on obsessive.

That the agency may have given some consideration to the broad concept of modifying the newspaper ban is hardly surprising given its legal obligation to do so. In reviewing the FCC's *2003 Omnibus Media Ownership Order*, the U.S. Court of Appeals for the Third Circuit expressly affirmed the Commission's determination that the absolute prohibition on newspaper/broadcast cross-ownership no longer serves the public interest.[8] Thus, as NAA and

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[5] *Id*. at 4-10.

[6] *See* CU/CFA Comments at 40-67 (citing Leslie M. Marx, FCC, "*Summary of Ideas on Newspaper-Broadcast Cross-Ownership*" (June 15, 2006), *available at* http://www.fcc.gov/ownership/materials/newly-released/newspaperbroadcast061506.pdf (last visited Oct. 31, 2007).

[7] CU/CFA Comments at 1-2.

[8] *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; Cross-Ownership of Broadcast Stations and Newspapers; Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets; Definition of Radio Markets; Definition of Radio Markets for Areas Not Located in an Arbitron Survey*

many parties have explained repeatedly in this proceeding, pursuant to Section 202(h) of the Telecommunications Act of 1996 ("1996 Act")[9] as well as general administrative law and First Amendment principles, the agency *must* eliminate the blanket restriction in this proceeding. The record compiled by the agency before the release of the most recent round of studies already was far more than sufficient to justify that action. Notwithstanding the seemingly unending objections of CU/CFA and other reflexive opponents of deregulation, the studies plainly add further weight to the compelling case for repeal of the absolute ban.

III. CU/CFA'S CONFUSED AND INTERNALLY INCONSISTENT ARGUMENTS DO NOT REFUTE THE STUDIES' CLEAR FINDINGS THAT NEWSPAPER/BROADCAST CROSS-OWNERSHIP ENHANCES THE FCC'S PUBLIC INTEREST GOALS.

As described in the opening comments of NAA and many other parties, several of the recent studies confirm that newspaper cross-ownership increases the quantity of local and/or national news programming on commonly owned broadcast outlets.[10] Refusing to accept these results, CU/CFA attempts to write them off by suggesting that the analyses must be re-done based on significantly different methodologies. It then does its own set of analyses that purport to show that newspaper/broadcast cross-ownership actually "reduces the total amount of local news available in the market."[11] CU/CFA's illogical hypothesis is directly contradicted by volumes of experiential and empirical evidence that already is before the Commission in this proceeding. Further, as explained in the attached Statement of Kent W. Mikkelsen, Senior Vice

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Area, Report and Order and Notice of Proposed Rulemaking, 18 FCC Rcd 13,620 (2003), *rev'd and remanded*, *Prometheus Radio Project v. FCC*, 373 F.3d 372 (3d Cir. 2004).

[9] Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996).

[10] *See, e.g.*, NAA Comments at 8-15; Comments of Bonneville International Corporation, MB Docket Nos. 06-121, *et al.*, at 2, 4-5 (filed Oct. 22, 2007); Tribune Comments at 5; Media General Comments at 6-10.

[11] CU/CFA Comments at 7.

President at Economists Incorporated (the "Mikkelsen Statement"), CU/CFA's reinterpretations of the studies do not support its unfounded economic theories and fail to reach any meaningful conclusions.

The crux of CU/CFA's complaints about the cross-ownership studies is that the analyses should have examined the effects of same-market newspaper/broadcast combinations on a market-wide basis.[12] In particular, CU/CFA repeats this criticism with respect to Studies 3, 4.1, and 6.[13] Rather than taking this approach, the authors of each of these studies opted to compare the performances of cross-owned broadcast stations to other stations within the same markets. Notably, none of the independent peer reviewers for any of these studies found fault with the station-based approach taken by the authors.[14]

More fundamentally, as explained in the Mikkelsen Statement, CU/CFA's conclusion that cross-ownership leads to a market-wide reduction in news and information is both counterintuitive and unsupported by CU/CFA's own analysis. First, Dr. Mikkelsen finds that CU/CFA "provides no coherent theory of why one might expect a market-wide decrease in broadcast news minutes to result from cross-ownership."[15] Apparently conceding that a cross-

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[12] *See, e.g.*, *id.* at 7 ("The central problem with the approach in previous studies of this question is the one-dimensional focus of the effect of cross-ownership on the local news output of the cross-owned station, rather than the local news output of the entire market.").

[13] *Id.* at 87.

[14] *See* Lisa M. George, "*Peer Review of FCC Media Ownership Study (#3)*," at 1, *available at* http://www.fcc.gov/mb/peer_review/prstudy3.pdf (last visited Oct. 31, 2007) ("George Peer Review"); Phillip Leslie, "*Review of the Impact of Ownership Structure of Television Stations' News and Public Affair Programming by Daniel Shiman*," at 3, *available at* http://www.fcc.gov/mb/peer_review/prstudy4.pdf (last visited Oct. 31, 2007) ("Leslie Peer Review"); Matthew Gentzkow, "*Peer Review Evaluation; FCC Media Ownership Study 6 News Coverage of Cross-Owned Newspapers and Television Stations*," at 2, *available at* http://www.fcc.gov/mb/peer_review/prstudy6.pdf (last visited Oct. 31, 2007) ("Gentzkow Peer Review").

[15] Kent W. Mikkelsen, Senior Vice President at Economics, Inc., "*Effects of Newspaper-Television Cross-Ownership on Total Market News Minutes: Response to 'Further Comments of Consumers Union, Consumer Federation of America and Free Press,'*" at ¶ 4 (Nov. 1, 2007) ("Mikkelsen Statement") (Attachment 1).

owned station generally "will tend to produce more minutes of news than if it were not cross-owned," CU/CFA simply "asserts without support that other stations will react by reducing the amount of news they provide."[16] The overall effect, according to CU/CFA's unexplained economic reasoning, will be a net reduction in market-wide news programming.[17]

The Mikkelsen Statement makes clear that CU/CFA's hypothesis is not rational and does not hold up even under its own analysis. Economic theory assumes that a newspaper/broadcast combination generally will expand news output because cross-ownership will decrease the cost of doing so.[18] Accordingly, Dr. Mikkelsen observes, the market-wide effect on news output "should be positive, not negative."[19] Notably, he states that this should be the case, "[e]ven if one or more of the non-cross-owned stations were to decrease their news output—which has not been shown to be the case . . . ."[20] Thus, as would be expected, CU/CFA's regression analyses fail to support its own flawed economic premises. As Dr. Mikkelsen concludes, CU/CFA's "statistical result—finding no significant decrease in market-wide news minutes associated with cross-owned stations—is therefore unsurprising."[21]

CU/CFA further complains that, in its opinion, the cross-ownership studies "missed important control variables."[22] To make up for these alleged omissions, CU/CFA proposes a lengthy list of additional factors that supposedly should have been included in order to ensure

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[16] *Id*.

[17] *Id*.

[18] *Id*. at ¶ 5.

[19] *Id*.

[20] *Id*.

[21] *Id*. at ¶ 6.

[22] *Id.* at 189.

that the positive effects of cross-ownership are not overstated.[23] As CU/CFA acknowledges, the peer reviewers for these studies did not share its concerns in their independent evaluations.[24] Further, the Mikkelsen Statement points out that "[t]here are a number of peculiarities in [CU/CFA's] choice of variables and the way those variables were defined."[25] In particular, CU/CFA does not even include all of the control variables that it insists are important in its actual regression analyses.[26] On the flip side, CU/CFA incorporates two variables into the regressions, despite its own observation that these factors should have no impact on news programming.[27] Given these puzzling aspects of its analysis, Dr. Mikkelsen notes that "[o]ne wonders how the results of [CU/CFA's] regressions were affected by the omission of one variable [it] claims to be relevant and the inclusion of two other variables it believes are irrelevant—but which could nonetheless alter the regression estimates."[28]

Finally, CU/CFA insists that the FCC cross-ownership studies were invalid because they failed to consider separately newspaper/broadcast combinations that were grandfathered by the

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[23] *See id.* at 91-93, 189.

[24] *See id.* at 189.

[25] Mikkelsen Statement at ¶ 7.

[26] *See id*. (citing CU/CFA Comments at 91, 94-96) (noting that, while CU/CFA states that "tv/radio cross-ownership" is a relevant variable, it is not included in its regressions).

[27] *See id*. (citing CU/CFA Comments at 97) (noting that CU/CFA includes "female ownership" and "minority ownership" on its list of key variables, but states elsewhere in its comments that there is no hypothesis that female-owned or minority-owned stations will carry more minutes of news).

[28] *Id*. The Mikkelsen Statement also points out another oddity in the way that CU/CFA's regression variables were defined. Specifically, Dr. Mikkelsen observes that CU/CFA treats a station's network affiliation, on the one hand, and network ownership, on the other, in an inconsistent manner that may have skewed the results of its regressions. CU/CFA ignores FOX-affiliated stations when it calculates the percentage of market stations that are affiliated with major networks, but then includes FOX-owned stations in the calculation of the percentage of stations owned and operated by a major network. *See id*. at ¶ 8 (citing CU/CFA Comments at 94). Thus, putting aside the question of whether or not FOX should be considered a major network for purposes of these regressions, CU/CFA's inconsistent treatment of the network in its analyses raises questions about whether CU/CFA correctly utilized the FCC's station-specific data. *See id*.

FCC in 1975 and those that subsequently received temporary waivers of the rule. The reasoning behind this argument is that stations that have received temporary waivers are more "likely to be on their best behavior."[29] Although CU/CFA does not clarify this point, such "best behavior" apparently would include the provision of additional news programming.[30] As a preliminary matter, NAA notes that this hypothesis is entirely speculative. In fact, because of the uncertain future of their cross-ownership status, at least some combination owners that have received temporary waivers may well have been hesitant to commit the resources necessary to capitalize on the synergies of cross-ownership by investing in additional news programming.[31]

More to the point, CU/CFA's comparison of grandfathered combinations to those that subsequently received waivers is riddled with inconsistencies and faulty logic. If CU/CFA's premise that stations with temporary waivers are on their "best behavior" is correct, then such stations should air more news programming than those that are part of grandfathered combinations.[32] Based on CU/CFA's assertion that cross-ownership decreases the amount of news programming market-wide, the logical conclusion of this theory is that markets where there are combinations subject to temporary waivers will have less news programming overall than

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[29] CU/CFA Comments at 90.

[30] *See* Mikkelsen Statement at ¶ 10 (citing CU/CFA Comments at 193).

[31] Comments of Morris Communications Company, MB Docket Nos. 06-121, *et al.*, at 20-21 (filed Oct. 23, 2006); Reply Comments of Morris Communications Company, MB Docket Nos. 06-121, *et al.*, at 5-6, 8-9 (filed Jan. 16, 2007). Further, some temporary waivers of the cross-ownership ban expressly have precluded same-market newspapers and broadcast outlets from combining their operations. This was the case, for example, with respect to the combination of WBZL (now WSFL-TV) and the *Sun-Sentinel* in the Miami/Fort Lauderdale market, for which the Tribune Company received a temporary waiver in 1998. *See Applications of Stockholders of Renaissance Communications Corporation*, 13 FCC Rcd 4717 (MMB 1998). The separate operations requirement that was included in the original temporary waiver subsequently was lifted by the Commission, at which time WBZL began producing, for the first time, a local newscast. *See Tribune Company Petition For Removal of Condition on Grant Of Application for Transfer of Control of Television Station WBZL(TV), Miami, Florida*, 17 FCC Rcd 15526 (MB 2002).

[32] *See* Mikkelsen Statement at ¶ 10.

those with grandfathered combinations.[33] Unfortunately for CU/CFA, as Dr. Mikkelsen explains in his Statement, its regression analyses fail to reflect this result.[34] At a minimum, this fact casts doubt on CU/CFA's entire line of thinking with respect to grandfathered versus other combinations and, indeed, calls into question its suggestion that a market-wide approach is the most reasonable way to analyze the impact of cross-ownership. In any event, the overwhelming weight of the evidence on the record, including the studies now under consideration, supports the far more logical conclusion that cross-owned stations provide superior news and informational programming.

IV. CU/CFA OFFERS NO RELIABLE DATA OR ANALYSIS TO CONTRADICT THE CONCRETE SHOWING IN STUDY 6 THAT NEWSPAPER/BROADCAST CROSS-OWNERSHIP DOES NOT HARM VIEWPOINT DIVERSITY.

Obviously troubled by the clearcut finding in Study 6 that cross-owned TV stations are no more likely to share viewpoints than any other same-market media outlets,[35] CU/CFA sets forth a catalog of reasons why the FCC simply should ignore the study's viewpoint diversity analysis.[36] Nothing on CU/CFA's list of complaints, however, casts any doubt on the unequivocal results of this exhaustive analysis. As the study's author has explained and an independent peer reviewer has confirmed, Study 6 was conducted according to sound empirical methods and reflects the most thorough analysis that has been completed to date on the relationship between newspaper cross-ownership and viewpoint diversity.

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[33] *See id*. at ¶ 11.

[34] *Id*. at ¶ 12.

[35] *See* Jeffrey Milyo, "*Effects of Cross-Ownership on the Local Content and Political Slant of Local Television News*," FCC Media Study 6, at 29 (Sept. 2007), *available at* http://fjallfoss.fcc.gov/edocs_public/attachmatch/DA-07-3470A7.pdf (last visited Oct. 31, 2007) ("Study 6").

[36] *See* CU/CFA Comments at 252-58.

In order to evaluate whether same-market cross-owned daily newspapers and TV stations tend to exhibit common viewpoints, Study 6 examined four specific types of political news coverage on approximately 300 late evening newscasts during the week prior to the November 2006 general election.[37] For each of these metrics, partisan "slant" was assessed by determining whether the coverage favored the Democrat or Republican party and then recording the amount of time falling into each class.[38] Each newscast was coded by two independent researchers, and any discrepancies were resolved by the study's author.[39] Three of the four measures included in the study plainly fell into one or the other partisan category: candidate speaking time, candidate coverage, and coverage of opinion polls favoring one party.[40] The fourth measure, issue coverage, was somewhat more nuanced. However, as the study's author noted, assigning partisan slant to these issues "was a fairly straightforward exercise" because the websites of party members clearly identified which issues benefited their party.[41]

In response to this comprehensive approach to capturing the expression of viewpoints, CU/CFA protests that Study 6 is not nearly detailed enough.[42] But the framework that CU/CFA suggests in the alternative ultimately would result in an unwieldy and highly subjective analysis involving an individualized, context-based assessment of each broadcast or print statement. According to CU/CFA, rather than objectively measuring differences in time favoring one party

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[37] *See* Study 6 at 1 (describing the study's methodology of recording 312 late evening local newscasts from a total of 104 stations during the week prior to the November 2006 election).

[38] *Id.* at 22.

[39] *Id*. at 11.

[40] *See id.* at 22.

[41] *Id.* at 12.

[42] *See* CU/CFA Comments at 252-58.

or another, Study 6 should have delved deeply into how that time was used and its ultimate subjective impact on viewers.[43] For example, CU/CFA complains that the study's examination of issue coverage did not "attempt to assess how the issue was covered or described in greater detail."[44] Further, if CU/CFA had designed it, Study 6 somehow would have measured "how ... phrases were used or issues portrayed" and "reflect[ed] an impact on the public's voting."[45] But these criticisms ultimately are criticisms of objective scientific inquiry in general. To go down CU/CFA's route of contextual analysis and subjective inquiries into the exact usage of political language would require researchers to venture well outside their primary task of producing reviewable and replicable empirical results.[46]

Additionally, most of CU/CFA's complaints essentially pertain to only one of the four content analysis measures included in Study 6—issue coverage. The type of nuanced "context analysis" suggested by CU/CFA would be pointless for the other three measures (candidate speaking time, candidate coverage, and supportive polls) because these factors inherently indicate which party they favor. Indeed, CU/CFA recognizes that airing candidate speaking time and candidate coverage "provide a clear benefit" to political parties.[47] With regard to the time devoted to supportive opinion polls, CU/CFA gripes that "refusing to report poll results is the

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[43] *See id.* at 253-58.

[44] *Id.* at 254.

[45] *Id.* at 257.

[46] The author of Study 6, Professor Jeffrey Milyo, decided that it was more valuable, and certainly more expedient, to measure minutes of content, not context. Indeed, he anticipated CU/CFA's objections, writing, "there are numerous reasons to be dubious of [subjective] measures, not least of which is the inherent challenge that subjective procedures pose for replication (which is the hallmark or scientific inquiry)." Study 6 at 7.

[47] CU/CFA Comments at 254.

partisan art," not the actual reporting.[48] Of course, as even CU/CFA must realize, this criticism is meaningless unless it can posit an empirical methodology that researchers realistically could employ to determine when outlets refuse to report news.

Indeed, the independent peer review for Study 6 conducted by Matthew Gentzkow, an Assistant Professor of Economics at the University of Chicago School of Business and an expert in similar content analysis issues, confirmed that the methodologies used in Study 6 to assess viewpoint diversity were well within the bounds of established empirical practice.[49] In fact, the peer review praised the study for making significant advances in this particular area of research. First, Professor Gentzkow stated that the multiple regression analysis employed in Study 6 to estimate differences in news coverage between cross-owned and other TV stations was a "reasonable and widely used tool for assessing differences along a particular dimension (*e.g*. cross-ownership) while controlling for differences along other dimensions (*e.g*. network affiliation)."[50] The peer review also found that, aside from some minor errors in the dataset, which were corrected in a revised version of the study, the data used were "reasonable and appear to be of very high quality…."[51]

Professor Gentzkow also made several observations about Study 6 that directly contradict the far-ranging criticisms set forth by CU/CFA. Noting that "evidence on local news content has previously been severely limited by lack of data," the peer review found that the "data collected

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[48] *Id*.

[49] *See* Gentzkow Peer Review at 2; *see also* Matthew Gentzkow and Jesse M. Shapiro, "*What Drives Media Slant? Evidence from U.S. Daily Newspapers*" (May 24, 2007), *available at* http://faculty.chicagogsb.edu/matthew.gentzkow/biasmeas081507.pdf (last visited Oct. 31, 2007).

[50] Gentzkow Peer Review at 1.

[51] *Id*. at 2. On Sept. 17, 2007, the Commission released a revised version of Study 6 that corrects the minor errors pointed out by Professor Gentzkow, which had no material effect on the study's overall results. *See* Research Studies on Media Ownership - 7/31/07, http://www.fcc.gov/ownership/studies.html (last visited Oct. 30, 2007).

for [Study 6] represent a significant advance" and that the "data give a rich, fine-grained picture of the news coverage of local television stations unlike anything that was available before."[52] Most importantly, given that "[c]oding the content of a news broadcast is challenging and inherently subjective," Professor Gentzkow praised Study 6 expressly because it "focused primarily on measures such as minutes of news in particular categories that are well-defined, easy to interpret, and potentially replicable."[53]

V. NOTWITHSTANDING CU/CFA'S MISDIRECTED CRITICISMS, THE RECORD DEMONSTRATES UNEQUIVOCALLY THAT THE INTERNET IS AN IMPORTANT, INDEPENDENT SOURCE OF LOCAL NEWS.

As it has done throughout this proceeding, CU/CFA once again tries to make the case in its latest filing that the Internet makes virtually no contribution to the local news and information marketplace.[54] Repeating essentially the same analysis it already submitted to the agency in January 2007,[55] CU/CFA provides a number of statistics concerning some of the locally oriented websites that NAA, Media General, and Tribune have discussed in prior rounds of this

[52] Gentzkow Peer Review at 2.

[53] *Id.* The peer view further notes that "[t]he procedure for identifying the partisan issues listed in Table A1 was more subjective than some of the other measures, and there is little detail on how issues were defined or how the author assessed whether an issue 'appeared repeatedly and prominently on the websites of one party but not the other.'" *Id*. Professor Gentzkow further notes, however, that "taking the described procedures at face value, the measures appear to capture in broad terms the content dimensions of interest." *Id*.

Further, most of CU/CFA's criticisms of the Study 6 viewpoint diversity analysis simply repeat complaints that a linguistics researcher published on his blog about prior objective bias research conducted by Professor Milyo. *See* CU/CFA Comments at 217-57 (citing Geoff Nunberg, "*Liberal Bias*," *Noch Einmal*, Language Log (June 5, 2004), *available at* http://itre.cis.upenn.edu/%7Emyl/languagelog/archives/001169.html (last visited Oct. 30, 2007)). In response to these earlier complaints, Professor Milyo and a coauthor responded that such criticisms demonstrate a "gross misunderstanding [of] our statistical method and the actual assumptions upon which it relies," adding that "other academics who blog should take care not to behave in a like manner." Tim Groseclose and Jeff Milyo, "*Groseclose and Milyo Respond*," Language Log (Aug. 2, 2004), *available at* http://itre.cis.upenn.edu/~myl/languagelog/archives/001301.html (last visited Oct. 30, 2007). The same sorts of misunderstandings can be found in CU/CFA's critique.

[54] *See* CU/CFA Comments at 124-68.

[55] *See generally* Reply Comments of Consumers Union, MB Docket Nos. 06-121, *et al.*, at app. 146-78 (filed Jan. 16, 2007) ("CU/CFA Jan. 2007 Reply Comments").

proceeding as evidence of the growing influence that the Internet has had on local viewpoint diversity.[56] According to CU/CFA, because these independent sites are not as "popular" as local daily newspapers and broadcast outlets and because they typically do not provide local news in exactly the same fashion as the traditional media, they essentially should be ignored in the FCC's analysis. Notably, however, CU/CFA's latest "study" demonstrates that independent local websites now attract considerably larger audiences than they did even a few months ago. More importantly, CU/CFA again mischaracterizes the nature of NAA's and other parties' showings on this issue. As a result, it misunderstands the fundamental nature of the contributions the Internet now unquestionably makes to the diversity and breadth of information available to consumers on locally oriented issues.

As it has done before, CU/CFA makes much of the fact in its most recent comments that consumers generally continue to use traditional local media more often than independently operated local websites.[57] Throughout its discussion, CU/CFA repeatedly states that such websites do not yet "compete" with daily newspaper or broadcast outlets and points to an array of data points suggesting that mainstream outlets continue to receive more "traffic" than independent websites.[58] In doing so, CU/CFA utterly misses the point of NAA's prior showings. Indeed, NAA does not claim that independent local websites such as those referenced in its prior filings are as "popular" as those of local daily newspapers or TV stations or compete with them on a one-to-one basis. Rather, as NAA and others have emphasized throughout this proceeding, the relevant consideration with respect to the viewpoint diversity analysis the FCC must

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[56] *See* CU/CFA Comments at 124-168.

[57] *See, e.g., id*. at 133-36.

[58] *See, e.g., id*. at 125, 133-39, 144-45, 150-52, 156-57, 158-59.

undertake in this proceeding is the availability of these alternatives.[59] The Commission's viewpoint diversity goal is focused on ensuring that consumers have access to a wide range of news and informational choices, a concept that has little if anything to do with market or audience share.[60]

However, in light of CU/CFA's dogged focus on the relative popularity of these websites vis-à-vis traditional media, it should be noted that CU/CFA's own analysis shows that the local online media previously cited by NAA in fact have grown considerably more popular since essentially the same "study" was conducted in January 2007. For example, in its earlier analysis, CU/CFA stated that the local websites in the 11 "NAA" markets it studied had an average of roughly 9,500 unique visitors per month, while the daily newspaper websites in the same markets averaged more than 700,000 visitors.[61] Using the same data collection methodology, CU/CFA concludes in its most recent analysis that the same group of local websites received an average of approximately 46,000 unique visitors—nearly a 500 percent increase—while the visitors to the same-market daily newspaper sites increased to more than 800,000, an impressive but

[59] Reply Comments of the Newspaper Association of America, MB Docket Nos. 06-121, *et al*., at 14-19 (filed Jan. 16, 2007) ("NAA 2007 Reply Comments"); Reply Comments of Belo Corp., MB Docket Nos. 06-121, *et al.*, at 4-10 (filed Jan. 16, 2007); Reply Comments of Gannett Co., Inc. in MB Docket Nos. 06-121, *et al.*, at 3-6 (filed Jan. 16, 2007); Reply Comments of Media General, Inc., MB Docket Nos. 06-121, *et al*., at 15-20 (filed Jan. 16, 2007); Reply Comments of the National Association of Broadcasters, MB Docket Nos. 06-121, *et al*., at 20-30 (filed Jan. 16, 2007); Reply Comments of CBS Corporation, Fox Entertainment Group, Inc. and Fox Television Stations, Inc., NBC Universal, Inc., and NBC Telemundo License Co., and the Walt Disney Company, MB Docket Nos. 06-121, *et al.*, at 2-3 (filed Jan. 16, 2007).

[60] NAA 2006 Comments at 54-64.

[61] CU/CFA Jan. 2007 Reply Comments at app. 163. While CU/CFA repeatedly refers to its analysis as a critique of the "city-specific websites cited by NAA," *see* CU/CFA Comments at 124-139, both its January 2007 study and the updated version of its analysis actually incorporate data on a number of additional websites that NAA has not cited as examples in its filings. In fact, out of the 20 local websites included in CU/CFA's most recent analysis, eight (or 40 percent) were not discussed in NAA's prior comments. *See id.* at 128; CU/CFA Jan. 2007 Reply Comments at app. 148. Further, CU/CFA fails to disclose that these additional websites were all from the Gothamist LLC network of local blogs, which CU/CFA itself has condemned as particularly lacking original reporting. *See* CU/CFA Jan. 2007 Reply Comments at app. 152-53. By loading its dataset in this fashion, CU/CFA appears to have deliberately and significantly skewed its "qualitative" analysis.

considerably smaller jump.[62] Similarly, CU/CFA's earlier study found that the independent websites received nearly ten times fewer monthly visitors on average than the websites of same-market TV stations, a multiple that plummeted to approximately 2.3 in the most recent analysis.[63]

Even more striking conclusions can be drawn from CU/CFA's calculations of the overall "circulation" of these local websites. In its January 2007 analysis, CU/CFA stated that the websites collectively had approximately 140,000 unique visitors in a month.[64] Based on this finding, it estimated that the monthly "circulation" to the sites was approximately 400,000.[65] In its most recent analysis, by contrast, CU/CFA calculated that the total number of unique visitors to the independent websites skyrocketed to about 700,000, increasing the circulation to approximately 4.3 million.[66] Thus, according to CU/CFA's own data, the amount of traffic to these websites grew more than *11 times larger* during the 10-month period between its two analyses alone. What is more, it appears that CU/CFA chose to combine the data from its January 2007 study with August 2007 data in its most recent analysis,[67] thus understating the actual differences between the two analyses. If the more recent data set were reported in

[62] CU/CFA Comments at 133.

[63] *Compare* CU/CFA Jan. 2007 Reply Comments at app. 164 *with* CU/CFA Comments at 134.

[64] CU/CFA Jan. 2007 Reply Comments at app. 168.

[65] *Id*.

[66] *See* CU/CFA Comments at 136-37. *See* CU/CFA Comments at 136-137.

[67] *See id.* at 128, 134 (noting that the traffic data reported in the October 2007 analysis is an average of November 2006 data and August 2007 data).

isolation, the growth in traffic and circulation to the local websites during the time period between the two analyses would have been considerably more dramatic.[68]

In addition, CU/CFA asserts that the locally oriented sites described by NAA and others in this proceeding contain a dearth of "original reporting."[69] Given that their own analysis shows that 24 percent of information contained on the sites referenced by NAA does in fact consist of "original" information, CU/CFA overstates its case.[70] In any event, as NAA has noted previously, many of the news stories reported by the mainstream media, including newspapers and broadcasters, are derived from information gathered by other media outlets or from news wire services, such as the Associated Press and Reuters.[71] CU/CFA does not provide any comparative analysis of the amounts of "original reporting" offered on same-market traditional media. Further, NAA submits that references or links to other news sources add considerable value and help assure the user of the reliability of the site assembling the material. Indeed, one of the great *advantages* of the Internet is the ability to directly and conveniently link to other sources as a means to provide consumers with diverse points of view. Thus, the fact that

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[68] Recent research also calls into question the claims of CU/CFA and other deregulatory opponents that traditional media remain the "gatekeepers" of news and information. According to one recent study, independent online news sources have developed an issue agenda entirely separate from traditional sources. Professor Aaron Delwiche of Trinity University found in a 2005 study that the list of news topics that blogs cited most in 2003 differed greatly from the list of topics that *Associated Press* editors named as the most important of the year. *See* Aaron Delwiche, "*Agenda-Setting, Opinion Leadership, and the World of Web Logs,* First Monday, Vol. 10 No. 12 (Dec. 5, 2005), *available at* http://www.firstmonday.org/issues/issue10_12/delwiche/index.html (last visited Oct. 31, 2007). Further, the study in fact suggests that web blogs may be influencing the news covered by mainstream media. Specifically, Professor Delwiche concluded that practitioners of "amateur journalism . . . have demonstrated their ability to affect the flow of information between traditional journalists and audiences" by influencing the issue agenda of consumers of traditional media. *Id*.

[69] *See* CU/CFA Comments at 126-27.

[70] NAA further notes that the amount of "original" reporting on the sample websites increased by 6 percentage points (from 18 percent to 24 percent) since the January 2007 analysis. *Compare* CU/CFA Jan. 2007 Reply Comments at app. 161 *with* CU/CFA Comments at 132.

[71] NAA 2007 Reply Comments at 14 n.57.

independent local websites may not duplicate the journalistic practices of traditional daily newspapers and broadcasters certainly should not be dispositive in this proceeding.

Further, infused throughout CU/CFA's commentary on the continued "dominance" of mainstream media is the additional concept that news outlets focusing on relatively small geographic areas and/or more narrowly defined issues are not legitimate contributors to viewpoint diversity.[72] But as NAA and other commenters have explained in detail throughout this proceeding, the hyperlocal nature of many online outlets is precisely what enables these media to play a unique—and previously often unfulfilled—role in their local news marketplaces.[73] In particular, many such sites focus their attention on highly niche-oriented or even neighborhood-specific issues that often are not covered by the major media.

Many of the unique benefits of this genre of local online news and information are highlighted in a recent study of hyperlocal journalism authored by the Executive Director of J-Lab: The Institute for Interactive Journalism at the University of Maryland College of Journalism (the "J-Lab Study").[74] As explained in the J-Lab Study, many hyperlocal sites "emphasize, and others create space for, the kinds of micro-news that daily papers lack the staff or pages to cover."[75] In filling this important role, these sites often have "watchdogged local government,

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[72] CU/CFA Comments at 124-25.

[73] *See, e.g.*, NAA 2006 Comments at 60-64; Comments of Media General, Inc., MB Docket Nos. 06-121, *et al.*, at 52-55, App. 9-14 (filed Oct. 23, 2006) (citing examples of local websites aimed at niche audiences); Comments of Tribune Company on Further Notice of Proposed Rulemaking, MB Docket Nos. 06-121, *et al.*, at 24-25 (filed Oct. 23, 2006) (providing examples of "hyperlocal" blogs).

[74] *See* Jan Schaffer, J-Lab Executive Director, "*Citizen Media: Fad or the Future of News? The Rise and Prospects of Hyperlocal Journalism*" (2007), *available at* http://www.j-lab.org/citizen_media.pdf (last visited Oct. 30, 2007) (J-Lab Study); *see also* Shayne Bowman and Chris Willis, "*The Future Is Here, But Do News Media Companies See It?*," Nieman Reports Vol. 59 No. 4, 7 (Winter 2005), *available at* http://www.nieman.harvard.edu/reports/05-4NRwinter/Parr-NRw05.pdf (last visited Oct. 31, 2007); Jan Schaffer, "*Citizen Media: Has It Reached a Tipping Point?*," Nieman Reports Vol. 59 No. 4, 26 (Winter 2005).

[75] J-Lab Study at 9.

provided news that couldn't otherwise be had, nudged local media to improve, helped their community solve problems, even, to a degree, increased voter turnout and the number of candidates running for office."[76] The study is filled with dozens of specific examples in which independent, hyperlocal sites have achieved each of these impressive objectives.[77] Thus, NAA submits that these outlet types are among the most important to be considered in any evaluation of the role that the Internet now plays in the dissemination of local news and information.

[76] *Id*. at 2.

[77] *See, e.g., id*. at 10-29.

VI. CONCLUSION

Notwithstanding the complaints of CU/CFA and other deregulatory parties, NAA submits that the latest economic studies demonstrating the substantial benefits (and lack of countervailing harms) associated with newspaper/broadcast cross-ownership have made a valid and significant contribution to the record in this proceeding. Most importantly, when these studies are viewed in conjunction with the overwhelming evidence in this proceeding that proves this same point, there can be little remaining question that the agency now has a complete and compelling record to justify repeal of the blanket ban.

Respectfully submitted,

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November 1, 2007

ATTACHMENT 1

Effects of Newspaper-Television Cross-Ownership on Total Market News Minutes: Response to "Further Comments of Consumers Union, Consumer Federation of America and Free Press"

Kent W Mikkelsen

November 1, 2007

1. My name is Kent W Mikkelsen. I am a Senior Vice President at Economists Incorporated, an economic research and consulting firm. I hold a Ph.D. in Economics from Yale University. I have extensive experience analyzing both the newspaper industry and the television industry. I have prepared a number of reports on the subject of newspaper-television cross-ownership that were submitted in earlier Commission proceedings on behalf of the Newspaper Association of America (NAA).

2. I have been asked by counsel for NAA to analyze a portion of "Further Comments of Consumers Union, Consumer Federation of America and Free Press (CU/CFA/FP)," submitted in this proceeding on October 22, 2007. In particular, I was asked to comment on the CU/CFA/FP analysis contained in Chapter 4 relating to the effects of newspaper-television cross-ownership on television news minutes in a market.

3. Early in this chapter, CU/CFA/FP cites with approval a statement by Dr. Leslie Marx, the former Chief Economist at the FCC:

> In what follows, I assume that cross-ownership has the potential to decrease the quantity or quality of news coverage of local public affairs available in the local media. If it does not, then one could justify dropping or significantly relaxing the cross-ownership restriction on those grounds alone.[1]

The standard laid out in this statement is one that would be adopted by most economists: if certain conduct causes no harm, then the conduct should not be prohibited. Applying this standard, I find that the analysis of the effect of cross-ownership on news minutes within a market presented in CU/CFA/FP—assuming its validity—supports "dropping or

[1] CU/CFA/FP pp. 87-88, quoting Leslie M. Marx, "Summary of Ideas on Newspaper-Broadcast Cross-Ownership," June 15, 2006, p. 3.

significantly relaxing" the newspaper-television cross-ownership restriction rather than retaining it. The results presented in CU/CFA/FP show no statistically significant reduction in total market news minutes when a market has a cross-owned television station.

4. Before turning to the statistical results, it is important to point out that, in addition to there being no significant statistical evidence for a decrease in news minutes within a market with cross-ownership, CU/CFA/FP provides no coherent theory of why one might expect a market-wide decrease in broadcast news minutes to result from cross-ownership. CU/CFA/FP's argument appears to run as follows. First, CU/CFA/FP apparently accepts that a cross-owned station will have an advantage in producing news, and that as a result it will tend to produce more minutes of news than if it were not cross-owned, holding other factors constant. CU/CFA/FP then asserts without support that other stations will react by reducing the amount of news they provide. The reader is left to make the leap from potential reductions by other stations in the market to a conclusion that any such reductions would exceed the increase in news minutes at the cross-owned station, thereby reducing total news minutes in the market.

5. Several studies, including three sponsored by the FCC for this proceeding, have found that a cross-owned television station tends to have more news minutes. The principal reason for this result appears to be that when a television station is cross-owned with a newspaper, resource sharing reduces the station's cost of producing news. When the cost of production for a firm is reduced, economic theory predicts that the firm will expand output, other factors being equal. With a given level of demand for news in the market, this would tend to increase the share of total news minutes produced by the cross-owned station. However, the net effect on total news minutes should be positive, not negative. Even if one or more of the non-cross-owned stations were to decrease their news output—which has not been shown to be the case—no theory has been offered that predicts they would reduce their news minutes by an amount greater than the amount of the increase by the cross-owned station. Following the reduction of cost for a firm in the market, the market should be able to sustain profitably more news minutes—or certainly no fewer news minutes—than without the cross-ownership.

6. CU/CFA/FP's statistical result—finding no significant decrease in market-wide news minutes associated with cross-owned stations—is therefore unsurprising. The principle results are shown in CU/CFA/FP's Exhibit IV-3. CU/CFA/FP uses data from FCC-sponsored Study 3 and Study 4 to create market-level variables for news minutes and public affairs minutes. Regressions are estimated using a set of market-level variables. The estimated coefficient on the variable indicating the presence of a cross-owned firm in the market, though negative, is statistically not significantly different from zero in any of the four regressions. Failure to find a statistically significant negative effect is support for eliminating the restrictions on cross-ownership.

7. I have not tested how sensitive CU/CFA/FP's results are to the particular variables included in the regressions. It is my understanding that the transformed data CU/CFA/FP used for its regressions has not been made available. There are a number of peculiarities in the choice of variables and the way those variables were defined. For example, in enumerating the ways in which its analysis improves on various FCC-sponsored studies, CU/CFA/FP claims as a virtue of its study that it includes "all of the other policy relevant variables in the analysis—duopolies, local ownership, female ownership, minority ownership, TV-radio cross-ownership, and TV-newspaper cross-ownership." (p. 91) First, this claim appears to be incorrect. TV-radio cross-ownership is not listed as a variable included in the regressions in CU/CFA/FP's Exhibit IV-2 or on pages 94-95, nor does it show up in the regression results in Exhibit IV-3. Second, even though some of these may be policy variables of interest to the FCC, it is appropriate to include them as explanatory variables in a regression only if there is some reason to believe that they influence the dependent variable, total news minutes in the market. On page 97, CU/CFA/FP states that there is no hypothesis that female-owned or minority-owned stations will carry more minutes of news. One wonders how the results of CU/CFA/FP's regressions were affected by the omission of one variable CU/CFA/FP claims to be relevant and the inclusion of two other variables it believes are irrelevant—but which could nonetheless alter the regression estimates.

8. Another peculiarity in CU/CFA/FP's regressions is the way that certain variables were defined. It is not unreasonable to suppose that stations affiliated with one of the major broadcast networks will tend to produce more news minutes, other factors being the same, than stations without such an affiliation. It is odd, however, that CU/CFA/FP treats affiliation with Fox quite differently than it treats affiliation with ABC, CBS or NBC ("big 3"). At the market level, CU/CFA/FP calculates the number of stations in a market affiliated with one of the "big 3" as a percentage of the commercial stations in the market. The practical effect of this procedure is that the effect of a "big 3" affiliate in a market with many stations is smaller than the effect of such an affiliation in a market with few stations. By contrast, CU/CFA/FP assumes that the presence of a Fox affiliate in the market changes the total news minutes by some standard amount that does not vary with the number of other commercial stations in the market. The effect of stations being owned and operated by ABC, CBS, NBC or Fox is treated like the "big 3" affiliation—i.e., calculated as a percentage of commercial stations in the market—except that in this case Fox O&Os are included in the same variable as O&Os of the other major networks. The effect of cross-ownership on total market news minutes is assumed to have the same form as the presence of a Fox affiliate—i.e., the presence of a cross-owned station in the market is assumed to increase or decrease total news minutes by a standard amount that does not vary with the number of other commercial stations in the market. Again, one wonders whether CU/CFA/FP's regression results would be altered if these variables were defined in a consistent fashion.

9. CU/CFA/FP searches further for a statistically significant result from cross-ownership by distinguishing between "grandfathered" cross-owned stations, which were already cross-owned when the FCC's 1975 cross-ownership ban was introduced, and "waived" cross-owned stations that were granted temporary permission after 1975. CU/CFA/FP's rationale for examining grandfathered and waived cross-owned stations separately is that the behavior of the waived stations may be altered because they are "on their best behavior." (p. 90) When regressions are run permitting the presence of a grandfathered cross-owned station to have a different effect on total news minutes than a waived cross-owned station, CU/CFA/FP achieves (with grandfathered cross-owned sta-

tions) the only negative result that is statistically significant at the conventional 5 percent level.

10. Unfortunately, the reason CU/CFA/FP gives for making this distinction is contradicted by other statements that CU/CFA/FP makes. On page 194, CU/CFA/FP notes that "waived stations were outperforming grandfathered stations. This is consistent with our theory of 'good behavior' by the owners of these stations." To further clarify the meaning of "good behavior," one can consult CU/CFA/FP's Exhibit VIII-2 on page 193. There it is reported that a waived cross-owned station has a greater increase in news minutes (relative to a non-cross-owned station) than a grandfathered cross-owned station. In other words, "good" or "best" behavior by a waived cross-owned station means increasing its output of news minutes by a large amount.

11. This finding can now be applied back to the market-level effects of cross-ownership that are the subject of Chapter 4. The theory in Chapter 4, as described above, is that an increase in news minutes by a cross-owned station causes other stations in the market to decrease their news minutes by such a large amount that total news minutes in the market are reduced. Given that waived stations on their "best behavior" have a larger increase in news minutes than grandfathered cross-owned stations, as CU/CFA/FP affirms on pages 193-4, one would expect that if there is a reduction in total market news minutes associated with cross-ownership, it should be larger for waived cross-owned stations than for grandfathered cross-owned stations. But this is the exact opposite of what CU/CFA/FP finds when they estimate separate waived and grandfathered cross-ownership effects on total market news minutes.

12. In fact, if it were true that cross-ownership led to a reduction in total market news minutes, there is no reason to think it would be appreciably different for waived and grandfathered cross-owned stations. If, as CU/CFA/FP believes, rival stations will respond to a cross-owned station by reducing their news minutes, it would not take long to put this decision into effect. There is no basis to believe that only stations in markets with grandfathered cross-owned stations would have had time to make such an adjustment.

13. In conclusion, most economists believe that regulations should only be maintained if they are demonstrably deterring some harmful behavior. While there are questions that can be raised about the details of its methods, CU/CFA/FP's findings provide support for the elimination of the FCC's cross-ownership rule, not for their retention. Taken at face value, CU/CFA/FP's analysis provides evidence that the cross-ownership of television stations and newspapers is not demonstrably harmful to total television news minutes in a market.