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

In the Matter of	)	
	)	
2014 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. 14-50
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2010 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. 09-182
	)	
Promoting Diversification of Ownership In the Broadcasting Services	)	MB Docket No. 07-294

REPLY COMMENTS OF THE NEWSPAPER ASSOCIATION OF AMERICA

The comments filed in response to the Commission's proposed media ownership rules[1] demonstrate that there is not a shred of credible evidence in the record that supports the retention of the newspaper-broadcast cross-ownership ban. Indeed, only a handful of commenters in this proceeding propose retaining the ban, and for good reason. The regulation does not promote localism, diversity, or competition, which are the three goals of the Commission's media ownership rules.

The record in this proceeding, as well as the 2010 quadrennial review, unambiguously demonstrates that the newspaper-broadcast cross-ownership ban has long outlived its initial purpose and stifles investment in local journalism. The media landscape has

[1] Further Notice of Proposed Rulemaking and Report and Order (FNPRM), MB Docket Nos. 14-50, 09-182, 07-294, 04-256 (April 15, 2014).

changed dramatically since 1975, and as Congress has required, the FCC's media ownership rules must change as well. Accordingly, the Newspaper Association of America ("NAA") respectfully requests the Commission to remove this outdated regulation from the books.

I. The Record Supports the Elimination of the Newspaper/Radio Cross-Ownership Ban and Cannot Support Retaining It.

The comments demonstrate why the Commission should adopt its proposal to eliminate the newspaper-radio cross-ownership ban. The NAA fully agrees with Cox Media Group's assessment that the ban "has long been a rule in search of a policy rationale."[2] Cox correctly notes that the rule excludes "an entire class of buyers with the skill and resources to increase the quality and quantity of local radio news" and that the regulation "likely inflicts further damage on local newspapers that have struggled for much of the last decade."[3]

The NAA also agrees with the National Association of Broadcasters' conclusion that the failure to repeal the newspaper-radio cross-ownership rule would be arbitrary and capricious.[4] Indeed, cross-ownership *improves* the quality of local journalism. As the NAB noted, "[m]ultiple FCC studies have found that cross-ownership of radio and television stations produce public benefits, including greater amounts of news and public affairs programming."[5] Morris Communications Company's description of its radio-newspaper cross-ownership in Topeka and Amarillo demonstrates the significant benefits of common ownership.[6]

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[2] Comments of Cox Media Group at 3.

[3] *Id.* at 5.

[4] Comments of the National Association of Broadcasters at 84.

[5] *Id.* at 85-86.

[6] Comments of Morris Communications Company, LLC at 17 ("The commonly owned radio stations take advantage of Morris' deep journalistic heritage, providing a high quantity and quality of local news and information. In fact, absent their association, with a newspaper (continued…)

The National Association of Black Owned Broadcasters' ("NABOB") assertion that relaxing the newspaper-radio cross-ownership rule "will negatively impact minority ownership"[7] lacks any evidentiary basis. NABOB relies entirely on a BIA/Kelsey press release and Radio Advertising Bureau guide, both of which NABOB claims as support for its argument that newspapers as competitors with radio stations for *advertising* revenues. NABOB has failed to address the more relevant issue: whether radio stations and newspapers compete against each other for *local news*. In other words, would the joint-ownership of a radio station and newspaper result in less local journalism in a market? Any objective analysis would result in a clear and resounding "no." Commercial radio stations tend to have relatively small local newsgathering staffs,[8] while newspapers typically employ reporters who cover more focused "beats." Radio stations and newspapers produce entirely different local news products; allowing them to share resources would result in more robust coverage via multiple platforms.

Moreover, NABOB does not provide any basis for its claim that newspapers and radio stations compete for advertising revenues. Neither of NABOB's cited sources supports this claim. The BIA/Kelsey press release simply notes that radio stations and newspapers each earn a piece of the overall local advertising revenue pie. The release does not state or imply that they compete for the same advertisers. And the Radio Advertising Bureau website distinguishes between radio and newspaper advertising by suggesting that the two media serve different goals,

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company, the radio stations would likely not have the institutional and financial support to continue to invest as heavily as they have in local news.").

[7] Comments of the National Association of Black Owned Broadcasters at 13.

[8] *See* Steven Waldman *et al.*, *The Information Needs of Communities: The Changing Media Landscape in a Broadband Age* 70 (July 2011) ("regulatory and economic changes have dramatically reduced radio's role in delivering local news."); *see also* Joint Comments of Bonneville International Corporation and The Scranton Times, L.P. at 5 ("The Commission's record establishes that radio stations do not produce significant amounts of local news.").

and makes the case for an advertiser using both media as part of an overall campaign strategy. Indeed, at the time that the Commission adopted the cross-ownership ban in 1975, it defined the relevant product market to include both newspapers and broadcast stations. But since that time, the Justice Department and courts have concluded that the local radio advertising and local newspaper advertising markets are distinct product markets, and the Commission has adopted that view.[9]

Similarly, the National Hispanic Media Coalition fails to present any evidence for its claim that the Latino community "continues to rely on radio for news and information"[10] in a manner that would support retention of the rule. The Coalition cites an Arbitron report that describes the large radio listenership among Latinos. But the quoted passage from the report does not assert that the Latino community relies on radio as a source of *original local news*. The Coalition discusses the importance of unique voices on music and talk radio stations.[11] These services, undoubtedly vital to the community, are entirely different from the objective and original local news that newspapers provide. There is no overlap between the information provided by a music radio personality and the articles written by a newspaper's city hall reporter.

II. The Record Similarly Supports Complete Elimination of the Newspaper/Television Cross-Ownership Ban and Cannot Support Retaining It.

The record demonstrates conclusively that the Commission lacks a basis for continuing to prohibit the cross-ownership of newspapers and television stations. The National Association of Broadcasters summarized the abundant research that demonstrates the tremendous

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[9] *See* Report and Order and Notice of Proposed Rulemaking, MB Docket 02-277; MM Docket 01-235; MM Docket 01-317; MM Docket 00-244; MB Docket 03-130, 18 FCC Rcd 13620, 13749 (July 2, 2003) ("We conclude, based on the record in this proceeding, that most advertisers do not view newspapers, television stations, and radio stations as close substitutes.").

[10] Comments of the National Hispanic Media Coalition at 7.

[11] *Id.* at 8-10.

benefits of newspaper-television cross-ownership.[12] The NAA fully agrees with the NAB's conclusion that "extensive empirical evidence shows that permitting newspaper cross-ownership is close to a virtual guarantee of local programming benefits, including increased and higher quality local news."[13]

The FNPRM's proposed changes to the newspaper-television cross-ownership ban would not provide sufficient relief from this outdated regulation. The proposed waiver standard would provide no relief to stations outside of the top 20 markets. Smaller markets often are most in need of increased investments in local journalism. Moreover, the FNPRM's proposal would not provide relief to a market's top 4 stations, which are by far the most likely to produce original local news. Fox Entertainment Group, Inc. and Fox Television Holdings, Inc. correctly concluded that "the ever-increasing contributions of the Internet to viewpoint diversity and localism further solidify the conclusion that the NBCO rule should now be scrapped in its entirety."[14]

The arguments in support of retaining the newspaper-television cross-ownership ban are identical to those that have been presented to the Commission during its 2002, 2006, and 2010 ownership reviews. The only difference is that these arguments are weaker than ever, in light of the vastly changed media landscape that the NAA and others have documented in previous comments, and that the Commission repeatedly has conceded. Opponents of repeal view the FCC's regulations through the lens of 1975 rather than 2014. For instance, Free Press writes, with absolutely no support, that "local TV stations and newspapers remain the primary

[12] Comments of the National Association of Broadcasters at 74-76.

[13] *Id.* at 74.

[14] Comments of Fox Entertainment Group, Inc. and Fox Television Holdings, Inc. at 23.

sources of news and information in local communities."[15] Free Press does not support this statement because it is a vast oversimplification of the news market and cannot support retention of the rule. According to a study released this year, nearly seven in 10 Americans receive news from laptops or computers, compared to approximately six in 10 who receive news from *any* print format, either newspapers or magazines.[16] And nearly as many Americans receive their news via cell phone as they do from print media.[17] Online news consumption is rapidly increasing. Consumers receive approximately 40 percent of their news from online sources, up from 20 percent in 2003.[18] The world has changed, even if Free Press's rhetoric has not.

Free Press not only opposes repeal of the newspaper-television cross-ownership ban, but it opposes the FNPRM's very modest waiver presumption.[19] Instead, Free Press concludes that "the public interest is best served by a pure case-by-case approach to waivers."[20] Free Press's rosy view of waivers ignores two key flaws with the waiver process. First, making the case for a waiver can be incredibly expensive and time-consuming, and often prohibitive for local news media that face unprecedented economic challenges. Second, the waiver process creates uncertainty for investors. If an investor agrees to purchase a television station or newspaper that is subject to a cross-ownership waiver, that investor may have to wait years to learn whether the purchase is approved. If two potential purchasers are competing for a media

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[15] Comments of Free Press at 10.

[16] Associated Press-NORC-American Press Institute, *The Personal News Cycle* (March 2014).

[17] *Id.*

[18] Testimony of David Bank, RBC Capital Markets, House Subcommittee on Communications and Technology Hearing on "Media Ownership in the 21st Century" (June 11, 2014).

[19] Comments of Free Press at 10.

[20] *Id.* at 11.

property, moreover, and one requires a waiver and another does not, the party needing the waiver will always lose. Always. Free Press entirely ignores these economic realities.

In short, few commenters present any arguments whatsoever for retaining the newspaper-television cross-ownership ban. And those who support retaining the rule fail to provide any credible evidence that the regulation continues to promote localism, competition, or diversity. For that reason, the Commission should repeal the newspaper-television cross-ownership ban.

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Two conclusions are clear from the record in this proceeding. First, there is absolutely no evidence to support the view that the newspaper-broadcast cross-ownership ban *in 2014* advances localism, competition, or diversity. Second, commenters have provided abundant evidence that continuing the rule would inhibit much-needed investments in local journalism. As Walter Isaacson, a longtime journalist and president and chief executive officer of the Aspen Institute recently told the Commission, we must "do all we can to encourage investment in newspapers and improve the business models for local journalism."[21] The NAA urges the Commission to eliminate this outdated regulation and allow news organizations to raise the capital that they need to continue to serve their communities and provide original, local journalism.

Respectfully submitted,

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[21] Ex Parte Letter of Walter Isaacson, MB Docket Nos. 14-50, 09-182, 07-294 (July 9, 2014).