

United States Senate Committee on Commerce, Science and Transportation

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Statement of John Lavine, Dean

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Good morning, Mr. Chairman, I am John Lavine, the Dean of the Medill School of Journalism at Northwestern University, but this morning I speak only for myself, and I am pleased to be here.

First when I was a journalist and now as a professor of journalism and media strategy, I have two overriding passions:

- To foster penetrating, watch-dog, trustable journalism that enhances public knowledge and the lives of citizens.
- To educate the next generation of journalists and media leaders so they can share these goals.

The foundation for my comments today are those goals – which I hope you share – and I will focus solely on the decades-old, newspaper/broadcast cross-ownership ban.

It may be popular to say that the ban is in the public interest ... but the facts support the opposite conclusion.

My comments are not just academic; they are also based on real-world experience.

At the end of 1974, I completed negotiations to purchase the Shawano Leader, a small daily newspaper in Wisconsin.

As part of that purchase, I said “No” to buying the only local radio station because I believed that it was not good for the community to have one owner for its two news outlets.

That was the right decision then It is the wrong decision today.

Why? ... Because there has been an intervening explosion in “traditional media” voices and digital media have changed our world.

Here are five standards that you should consider if you truly want free, quality broadcast news in the public interest:

1. Increase media competition.
2. Remove this ban to allow the public to receive more local news – when and how they want it.
3. Remove the cross-ownership ban to enhance minority and news organizations' voices.
4. Even though it seems contradictory – protecting the public interest requires that you ensure that large, quality news organizations endure.
5. Increase the growth of the new, enormously diverse citizen media.

Let's briefly look at those standards.

1) The facts quickly dispose of the myth that media competition has diminished.

Shawano, Wisconsin and Chicago in 1975 verses 2006-07 illustrate this point.

If you review the Appendices that I have submitted, you will see that competition has increased significantly and meaningfully in both markets – just as it has everywhere in the country – whether they be small markets or large markets.

Competition is growing, and there is no end in sight.

What's not growing is news.

Let's turn to Standards 2 and 3 to address that concern.

2) What would happen to local news if the cross-ownership ban was not in place?

Interestingly and uniquely, there is a 32-year record of what happens when the ban is not present. Just look at the performance of stations in the so-called "grandfathered" markets from the size of Miles City, MT to Chicago.

My Appendices cite multiple studies, including some by the FCC itself, that demonstrate that the only distinguishing feature of broadcast stations owned by

newspapers as compared to other stations is that the cross-owned stations do more and better local news and public affairs programming.

Isn't that the essence of the public interest?

And that's it, there are no other differentiators. The studies confirm that the ban is an obstacle to the public having more local news.

As part of this, have you ever asked yourself why only the largest cities in this country have true all-news radio stations? Not syndicated talk shows, I mean all-news, with local news and local reporters.

The answer is that all-news stations are very expensive to operate and can only be supported in a few large markets unless the cross-ownership ban is removed.

If the ban is gone, small and middle American cities can tap the local news which is the core product of local newspapers, and more all-news and local news on radio will be the inevitable result.

And, don't count on Google or Yahoo! to cover the local school board or city council. They have no journalists. They derive their news from newspapers and other sources.

Next, let's look at standard number 3.

3) Remove this ban if you want to enhance minority and news organizations' ownership and voices

Because of the ban, any non-news outlet can own a broadcast station, but minority-owned newspapers cannot.

The minority press is struggling, and in the public interest I urge you to enable them to compete, to provide news to their communities when, where and how those citizens want it. This ban thwarts those essential minority voices, and that is just plain wrong.

In the digital world, citizens – and especially the young – will use every medium – newspapers, broadcast stations, cell phones . . . all of it.

If you allow minority owned newspapers to own a station, that is the only way they can compete, for competition in media from here on is creating a portfolio of media outlets where the community's advertisers can reach their customers, but, most important, where the minority media can put on the air, for example, music, that the leaders and parents in the Black community demanded at the FCC hearing I was at in Chicago a few weeks ago.

It is music young people like, but it is not the poisonous kind that those parents said was violent and hurting their community.

Then, the newspapers can tell the community that “their station” is available, and the parents and young people will have a local news and culture outlet that they need.

Isn't that in the public interest?

4) Even though it seems contradictory – protecting the public – interest requires that you ensure that large, quality news organizations endure.

We need the large players because this is a huge (300 million population) society. When the next 9/11 or Katrina or Amber Alert happens, we need major media outlets. No blogger can adequately cover these happenings.

Here are a few of the recent stories that would not have been reported to you or to the public without the resources and commitment of a major news organization:

- Last week's disclosure about the chair of the Consumer Product Safety Commission and her predecessor taking industry paid-for trips.
- The unsafe and deteriorating conditions at Walter Reed Army Medical Center.
- The revelation of secret CIA prisons in Eastern Europe.
- Disclosures of the National Security Agency's secret telephone call database and wiretapping program.
- Rampant steroid abuse in major league baseball.
- Safety violations in nuclear weapons manufacturing processes and nuclear power plants.

Big is also not always bad, and when it comes to news and matters of large scale or complexity, big is essential for an informed and assured citizenry.

5) Increase the growth of the new, enormously diverse citizen media

Larger, traditional news organizations also provide the fuel that many citizen media need to thrive.

The Chicago Tribune, WGN radio and TV are mainstays in the radar screen in my hometown that citizen media must have to learn, 24/7, what's happening locally and around the world.

With that information, citizens can find stories, test and analyze them, and use those reports as a jumping off place to develop their own news and information.

In summary, I urge you to recognize the myths, embrace the facts and allow the FCC to complete its 10-year examination of the cross-ownership ban.

It has been on the books for over three decades without change. Now, even as the world has changed radically and permanently – we must move beyond 1975.

Removing the ban will go a long, long way towards fostering quality journalism, minority voices, and localism and news in the public interest.

It will also help ensure the viability and public service of local broadcast stations.

Thank you.

Appendix I: Competition since the 1975 Cross Ownership Ban

- In 1975, the presence of UHF/TV and FM radio was small compared to today.
- There was no satellite or cable television, Internet, cell phones or digital broadcast.
- The number of terrestrial broadcast networks went from three in '75 (ABC, NBC, CBS) to today's ABC, NBC, CBS, FOX, PBS and CW. And in February 2009, they will morph into myriad more with the switch to digital.

Appendix II: Competition in Shawano, WI and Chicago 1975 vs. 2006/07

Today in Shawano: More Competition: Less News

- The census shows that the county grew from 32,650 in 1970 to 40,664 in 2000, the last census.
- There is a cable system with numerous channels
- There are now four radio stations in that small town, but their collective news staff has diminished to one person.
- The Shawano Leader is still there, but its circulation is down and its news staff of 6.5 full time and three part time has diminished.
- There is also an online, "local" newspaper that appears in a Google search; it scrapes other media outlets.

Today in Chicago: Unbounded, Increasing Competition: Inadequate Diverse or Citizen News

- In 1975, there was a tiny amount of TV derived in Chicago by ADS (alternative delivery systems; not cable.) By 2006, cable had penetrated 63% of the Chicago households and ADS (primarily satellite) has another 20%. So, 83% of the households had multiple TV channels coming in from cable or ADS. (Source: Nielsen).
- National (U.S.) online household penetration for dial-up and high speed broadband in 1975, 2000 and 2007: There were no online connections in 1975. In 2000, 51% of the households had dialup connections and 5% had high speed broadband. By 2007, 27% had dialup connections while 58% had high speed broadband. (Source: Jupiter Research)

- In Chicago Newspaper Designated Market (NDM) circulation divided by NDM households (using a 7-day average) was 28% in 1975 versus 17% in 2006. (Source is Audit Bureau of Circulation (ABC) and Publishers' Statements).
- The seven day average circulation for Chicago Tribune in 2000 was 668,000. In 2006, it was 617,000. (Source: Scarborough)
- Revenues for the Chicago Tribune in 2000 were \$882,013,000. In 2006 they were \$862,660,000, a decline of -2.2% for the same period WGN revenues fell from \$145,839,000 to \$135,480,000, a decline of -7.1%. (Note: The decline in constant dollars would be more substantial.) (Source: Tribune internal data)
- The late night TV news ratings in Chicago in 1975 were 45. By 2006 Nielsen reports it was 24. During that same period, Tribune's WGN went from a 7 rating and 12 share in '75 to a 5 rating and a 7 share in 2006. Note: Chicago is the 3rd largest Designated Market Area as defined by Nielsen. (Source is Nielsen data provides by Telerep).
- In both Shawano and Chicago, cable plays a major role with Charter Communications Cable in the former and Comcast and others in the Windy City. The number of news competitors on cable and satellite is on a growth curve with news networks from Aljazeera English and Arabic, CNN, ESPN, Golf, BBC News, Chinese, Japanese, etc., etc. The national average number of cable channels per system is 223. (See Endnote 3)

**Appendix III:
Empirical Studies Showing Cross-Owned Broadcast Stations
Produce More and Better Local News**

- Jeffrey Milyo, University of Kansas School of Business; Department of Economics and Truman School of Public Affairs, University of Missouri, *The Effects of Cross-Ownership on the Local Content and Political Slant of Local Television News*, August 2007.
- Daniel Shiman, FCC, *The Impact of Ownership Structure on Television Stations' News and Public Affairs Programming*, August 2007.
- Craig Stroup, FCC, *Factors that Affect a Radio Station's Propensity to Adopt a News Format*, August 2007.
- Project for Excellence in Journalism, *Does Ownership Matter in Local Television News: A Five-Year Study of Ownership and Quality*, 2003.
- Thomas C. Spavins, *et al.*, FCC, *The Measurement of Local Television News and Public Affairs Programs*, 2002.

Appendix IV: Cross-Owned and Major Television Stations by Market

<u>DMA Rank & Name</u>	<u>Cross-Owned</u>	<u>Non Cross-Owned</u>
1 New York, NY	WWOR, WYNY (<i>NY Post</i>) & WPIX (<i>Newsday</i>)	WABC, WCBS, WNBC
2 Los Angeles, CA	KTLA (<i>Los Angeles Times</i>)	KABC, KCBS, KNBC, KTTV
3 Chicago, IL	WGN (<i>Chicago Tribune</i>)	WBBM, WFLD, WLS
6 Dallas, TX	WFAA (<i>Dallas Morning News</i>)	KDAF, KDFW, KTVT, KXAS
9 Atlanta, GA	WSB (<i>Atlanta Journal Constitution</i>)	WAGA, WGSL, WXIA
12 Tampa, FL	WFLA (<i>Tampa Tribune</i>)	WFTS, WTSP, WTVT
13 Phoenix, AZ	KPNX (<i>Arizona Republic</i>)	KNXV, KPHO, KSAZ
16 Miami, FL	WSFL (<i>Sun Sentinel</i>)	WFOR, WPLG, WSVN, & WTVJ
28 Hartford, CT	WTIC (<i>Hartford Courant</i>)	WFSB, WTNH, WVIT
32 Columbus, OH	WBNS (<i>Columbus Dispatch</i>)	WCMH, WSYX, WTTE, & WWHO
33 Cincinnati, OH	WCPO (<i>Cincinnati Post</i>)	WKRC, WLWT, WXIX
34 Milwaukee, WI	WTMJ (<i>Milwaukee Journal Sentinel</i>)	WDJT, WISN, WITI
35 Salt Lake City, UT	KSL (<i>Desert News</i>)	KSTU, KTVX, KUTV
58 Dayton, OH	WHIO (<i>Dayton Daily News</i>)	WDTN, WKEF, WRGT
77 Spokane, WA	KHQ (<i>Spokesman-Review</i>)	KAYU, KREM, KXLY
80 Paducah, KY	WPSD (<i>Paducah Sun</i>)	KFVS, WSIL
88 South Bend, IN	WSBT (<i>South Bend Tribune</i>)	WNDU, WSJV
89 Cedar Rapids, IA	KCRG (<i>Cedar Rapids Gazette</i>)	KFXA, KGAN, KWWL
92 Tri-Cities, TN-VA	WJHL (<i>Bristol Herald Courier</i>)	WCYB, WEMT, WKPT
93 Baton Rouge, LA	WBRZ (<i>Morning Advocate</i>)	WAFB
95 Waco-Temple-Bryan, TX	KCEN (<i>Temple Daily Telegram & Killeen Herald</i>)	KWTX, KXXV
103 Youngstown, OH	WFMJ (<i>Vindicator</i>)	WKBN, WYFX, WYTV
105 Myrtle Beach-Florence, SC	WBTW (<i>Morning News</i>)	WFXB, WPDE
119 Fargo, ND	WDAY (<i>Forum</i>)	KVLY, KVRP, KXJB
128 Columbus, GA	WRBL (<i>Opelika-Auburn News</i>)	WTVM, WXTX
156 Panama City, FL	WMBB (<i>Jackson County Floridian</i>)	WJHG, WTVY
171 Quincy, IL	WGEM (<i>Quincy-Herald Whig</i>)	KHQA

Source: Federal Communications Commission

Endnotes:

(1) In the FCC study done by Jeffrey Milyo, he found that cross-owned television newscasts contained more minutes of news, more local news, 30% more news coverage of state and local political candidates, more time for candidates to speak for themselves and no difference a partisan slant than any other stations.

Jeffrey Milyo, Hanna Family Scholar, Center for applied Economics University of Kansas School of Business and Associate Professor Department of Economics and Truman School of Public Affairs, University of Missouri. FCC PUR 07000029: The Effects of Cross-Ownership on the Local Content and Political Slant of Local Television News, June 13th 2007.

(2) I have my criticisms of the Tribune's news coverage in Chicago, but there is no question that its hundreds of reporters at the Chicago Tribune and the news staffs of WGN-TV which has an hour not a half hour evening news show, and the news coverage of CLTV, Hoy, RedEye and WGN radio – which is all news and local, not syndicated news and talk – contributes far more news and information to this market than anyone else.

If we are committed to providing tough, demanding, quality journalism to an “informed public” and to enhancing the public interest, localism and minority voices, there is no defensible rationale to prohibit one newspaper from serving citizens with a combined news staff on paper and over the air.

(3) In the Matter of Annual Assessment of the Status of Competition in the Markets for Delivery of Video Programming, Eleventh Report, MB DKT No 04-227, FCC 05-13.