Spoken Remarks of S. Derek Turner, Research Director, Free Press
At the FCC's Media Ownership Workshop - Public Interest Perspectives
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Thanks very much for the invitation to speak today, it is truly an honor to be a part of these series of panels, along side the giants in this field, folks who have been thinking about these issues for much longer than I have.

One of those who I must acknowledge and thank is Dr. Mark Cooper from the Consumer Federation of America, a tireless public interest researcher whose past work on these issues serves as a major influence on the comments I make today.

Let me start by saying that this workshop itself, and the public notice requesting comment on the analytical framework for the 2010 quadrennial review comes as somewhat of a stunning surprise to those of us who have become quite cynical about the Commission's concern for quality public interest focused analysis.

It is indeed a refreshing change from how the 2006 quadrennial review started.

A June 15th 2006 memo authored by the then FCC Chief Economist began with the following sentence: "This document is an attempt to share some thoughts and ideas I have about how the FCC can approach relaxing newspaper-broadcast cross-ownership restrictions."

Later in the memo when laying out a research design for economic studies on the rule, the Chief Economist wrote: "In this section I discuss some studies that might provide valuable inputs to support a relaxation of newspaper-broadcast ownership limits."

Thus, over a month before the 2006 Quadrennial Review's process officially began we see the FCC had already started the process with a foregone conclusion.

The basic fundamental question that the Congress tasked the Commission with answering -- whether or not this rule was in the public interest -- wasn't even asked in this memo.
The Commission had decided the rule should go, and set about constructing a biased process that would support this conclusion.

It should come as no surprise that once the Commission put together its research agenda for the 2006 review -- the so-called "10-studies" -- many of these studies and even the authors were identical to what was proposed in the Chief Economist's memo.

Thus, I'll pause here to make my first recommendation -- don't start the process with the outcome in mind.

Now, with that bit of history out of the way, I'll move in a somewhat scattershot approach through the rest of my recommendations.

First, the quadrennial review process is important, but these things tend to go pretty slowly, and there's not a good track record for reaching an identifiable end.

There are already a host of good ideas on promoting female and minority ownership, as well as localism that came out of past proceedings.

As Commissioner Copps highlighted yesterday, these efforts should proceed, and should not be slowed down or indefinitely delayed by the necessary deliberate pace of the 2010 review.

Now, that's not to say that the issues of diversity and localism should not factor into the analytical process of the 2010 review -- not at all.

Indeed, localism and diversity are public interest outcome goals that lie at the heart of this proceeding.

What I am saying is that you've already got a few good policy ideas for promoting localism and diversity, and that the 2010 review should be centered around questions on how modifying or repealing existing rules would impact these and other desired public interest outcomes.
Now, lets' talk about research.

As you conduct your analysis of the existing rules there are many pitfalls, omissions and errors made in the past that you'd do well to avoid.

First, the 2006 analytical approach tended to be narrowly focused on certain outputs -- namely station-level local news production.

While focusing on outputs is fine, there is a real need to more closely examine the inputs to the outputs, and ask how FCC policies impact both.

For example, jobs are important. Supporters of relaxed duopoly and cross-ownership rules always cite the benefits of so-called "efficiencies" that these consolidated ownership structures will bring -- efficiencies that are supposed to lead to better outcomes.

But in practice those efficiencies tend to translate into the elimination of reporting and production jobs, and the substitution of high quality content with low quality content.

The blind acceptance of the efficiencies argument is just one among many examples of so-called "givens" that I strongly challenge you to avoid accepting as you begin your analysis.

For example, you should certainly view with skepticism the notion that the newspaper industry in particular is in some sort of industry-wide irreversible decline, and that the relaxation of the cross-ownership rule is a policy that will reverse this trend.

It could be that midsize and smaller papers are going through a less pronounced downturn, and that the overall problems we constantly hear about have more to do with the broader economic downturn than they do with some generational paradigm shift.
Maybe there is a crisis, but your analytical approach will be more solid if you question such assumptions.

Along those lines, you should be very skeptical when you hear that the Internet has changed everything.

Yes, we are living in a brave new world, where I can right now use this expensive toy to read an endless number of blogs talking about last night's World Series game.

But if I want to read in-depth reporting about what's going on with the DC City Council's battle with the city's education chancellor, my options are pretty limited.

The simple fact is, most people still get their local news from their local paper and local broadcast stations, and the Internet has not really done anything to create new sources of diverse and antagonistic local news reporting.

Implicit in this critique is another recommendation -- at least in regards to the local multiple TV ownership rules and the newspaper-broadcast cross-ownership rule -- the analysis must be focused on the market for local news and public affairs content.

This proceeding is about broadcast ownership rules, and broadcasting is, and should be all about serving the needs of local communities.

With that in mind, we come to my most important recommendation. The 2007 studies that focused on the impact of ownership rules on local news focused exclusively on what impact these rules have on the stations in these ownership arrangements.

The studies purported to show that cross-owned TV stations air more local news. While we and other researchers were able to add missing variables to these models that removed this result, the larger point is, why should we care at all about what happens at the station level?
That is to say, the Commission's research focus being placed at the station level asked the wrong policy question -- the output at the market level is the policy-relevant frame.

If a local newspaper combines with a leading local TV news station, and the TV station then produces slightly more minutes of news -- does this station-level result really matter if this combination becomes so dominant in the market, that the other stations quit trying to compete on hard news and investigative reporting, and instead cut their losses by firing reporters and adding more CNN wire stories and another 5 minutes of sports and weather?

Asking what the outcome is at the market level is what matters, but this approach was not taken in the past.

Using the FCC's own data we asked this question, and were able to show that the presence of a cross-owned station in a market leads to a collective curtailment in local news output by the other stations in the market.

Other problems in the 2006 approach included the complete failure to actually assess what the impact of increased consolidation would have on the statutory goal of greater ownership by women and minorities.

But on this front, the Commission couldn't even accomplish the basic task of counting these owners. As our research showed, the FCC's "Study #2" missed 67 percent of all minority-owned TV stations and a whopping 75 percent of all TV stations owned by women.

The 2007 research also made the mistake of confusing the concept of diversity with variety. They are not the same thing.

Now, looking at what has transpired since the last review, I think it is critical that you study the impact of Local Marketing Agreements, Service Sharing Agreements and Local News Sharing Agreements.
What is the point of having ownership rules designed to promote the diversity of local news and information if SSA and LNSA are used as defacto end-runs around the rules?

Finally, I'll address the issue of the Commission creating a metric for measuring media market competition and the likely harms of proposed or existing cross-media combinations.

The Third Circuit obviously had major issues with the Diversity Index, and if you decide to take such an approach to creating a review standard for cross-media combinations, then you need to avoid past mistakes.

You absolutely have to count audience shares, in order to avoid mistakes like the infamous one of having a small community college TV station given equal weight as a the New York Times.

And you have to weight each media type appropriately -- a radio station that reads news at the top of the hour just doesn't have the same impact as a TV station that does 7 hours of local news each day.

Dr. Cooper of CFA has done extensive work in this area, and has developed a very reasonable approach. But here too you'll need to create an empirical basis for how your index relates to outcomes.

In conclusion, I encourage this Commission to not only avoid past mistakes, but be bold in tossing aside past dogma.

In this vein, you should be very aware that 202h is not a one-way path to deregulation, as recognized by 3rd circuit.

Thus, it might be wise to begin to model the impact of policies that de-concentrate local markets -- the results might be quite instructive.

Thank you.