The decision by the Federal Communications Commission (FCC) to relax its television ownership rules created a political firestorm, with overblown claims from both sides of the debate. Proponents picture the television industry as in dire straits due to competition from cable networks and the Internet. They assert that more competition will lead to improved service at lower prices. Opponents see monopolization and fear for the future of American democracy. The truth lies somewhere in between.

The History of Ownership Rules

Originally television was allocated twelve channels (VHF channels 2–13). In assigning channels, the FCC promoted "localism," which required that each city have few VHF stations, so the FCC decided that no one could own more than one channel in a city. These policies meant that only three networks were commercially feasible. In other nations, stations are more powerful and serve entire regions rather than a single metro area. Had the FCC allowed regionalization, new stations would have competed with VHF stations. Recognizing that most Americans viewed three or fewer networks and that American daily newspapers were shrinking in numbers, the FCC concluded that newspapers should not be allowed to own television stations because joint ownership would reduce the already limited number of independent news outlets.

Conclusions

The FCC's history of ownership rules in television broadcasting arises from its long commitment to localism. Regardless of the merits of localism as an ideal, it is difficult to reconcile the practical realities of the television industry. Television is among the least suitable communications media for success in producing, generally, local product. Expensive programs are unlikely to sustain, and scarcity in number of TV stations only enhances the strong economic push to make television a mass communications medium of national scope — as it is everywhere in the world.

References


About the Author

Roger G. Noll is the director of the Center for Research on Economic Development and Policy Reform and the Morris M. Doyle Centennial Professor (also Director, Public Policy Program, and Professor by Courtesy, Department of Economics and Political Economy) at Stanford University. In addition he is a Senior Fellow at the Stanford Institute for Economic Policy Research.

Noll's research interests are broad, encompassing public policies toward firms, business, telecommunications, political analysis of the judicial system, technology policy, and economics of sports, the life sciences and natural resources. He has written and co-authored numerous papers and books and has been a member of many boards, including the AEA and the California Council on Science and Technology.

Noll received his Ph.D. from Harvard and his B.S. from California Institute of Technology.

Policy Brief

The FCC's New Television Ownership Rules

Roger G. Noll

The decision by the Federal Communications Commission (FCC) to relax its television ownership rules created a political firestorm, with overblown claims from both sides of the debate. Proponents picture the television industry as in dire straits due to competition from cable networks and the Internet, and assert economic efficiency gains from relaxed rules. Opponents see monopolization and fear for the future of American democracy. The truth lies somewhere in between.

The History of Ownership Rules

Originally television was allocated twelve channels (VHF channels 2–13). In assigning channels, the FCC promoted "localism" — like newspapers, stations were to reflect local tastes and to report local events. To assure that stations were local, the FCC limited the power of TV transmitters, granted local owners in granting licenses, and built that one could own more than five stations. To prevent signal interference, location required that each city have its own VHF stations, so the FCC decided that one could own more than one channel in a city.

These policies meant that only these networks were economically feasible. In other nations, stations are more powerful and serve entire regions rather than a single metro area. Had the FCC allowed regionalization, new stations would have competed with VHF stations. Recognizing that most Americans viewed three or fewer networks and that American daily newspapers were shrinking in numbers, the FCC concluded that newspapers should not be allowed to own television stations because joint ownership would reduce the already limited number of independent news outlets.

References


About the Author

Roger G. Noll is the director of the Center for Research on Economic Development and Policy Reform and the Morris M. Doyle Centennial Professor (also Director, Public Policy Program, and Professor by Courtesy, Department of Economics and Political Economy) at Stanford University. In addition he is a Senior Fellow at the Stanford Institute for Economic Policy Research.

Noll's research interests are broad, encompassing public policies toward firms, business, telecommunications, political analysis of the judicial system, technology policy, and economics of sports, the life sciences and natural resources. He has written and co-authored numerous papers and books and has been a member of many boards, including the AEA and the California Council on Science and Technology.

Noll received his Ph.D. from Harvard and his B.S. from California Institute of Technology.

Conclusions

The FCC's history of ownership rules in television broadcasting arises from its long commitment to localism. Regardless of the merits of localism as an ideal, it is difficult to reconcile the practical realities of the television industry. Television is among the least suitable communications media for success in producing, generally, local product. Expensive programs are unlikely to sustain, and scarcity in number of TV stations only enhances the strong economic push to make television a mass communications medium of national scope — as it is everywhere in the world.
Through the years, newspapers and networks have complained about the ownership rules. Some stations sought to negotiate counter-schedules — if one network refused to run a show, the station might have a movie rather than a network. Newspapers wanted to see television stations because they perceived production pressures. Network stations wanted to be able to maintain their affiliation with different television networks as long as television networks had abundant resources to pursue network-affiliate competition by bargaining with their affiliates.

Persistent industry pressure created the ownership rules gradually. Before the 2003 change, the FCC did allow one entity to own two stations for the first time. The new ownership rules resulted in some stations and networks that owned stations.

Economic Competition

The debate about television ownership rules involves two distinct aspects of competition: economic and political. The first is much easier to analyze than the second.

The Core Issues About Media Ownership

Economic Competition

Economic Competition

Economic Competition

Economic Competition

Economic Competition

Economic Competition

Economic Competition

Economic Competition

Economic Competition

Economic Competition

Economic Competition

Economic Competition

Economic Competition

Economic Competition

Economic Competition

Economic Competition

Economic Competition

Economic Competition

Economic Competition

Economic Competition

Economic Competition

Economic Competition

Economic Competition
For an insightful analysis of the parallel between market competition and competition in ideas, see Owen (1976).

### Economic Competition

#### The Core Issues About Media Ownership

The debate about market ownership rules involves two distinct aspects of competition: economic and political. The former usually attracts much more attention than the latter.

#### Economic Competition

Television has two products: advertising and content. Most TV revenue will continue to come from advertising, although cable networks charge for their programming. The value of newspapers can be measured by what it costs newspapers to produce content that it can sell to either readers or advertisers.

Likewise, network ownership of affiliates does not affect competition in the markets for viewers or advertisers because networks are suppliers, not competitors, of their affiliated stations. The only locally produced programs that occupy a significant share of broadcast time are news and sports. Stations broadcast live newscasts that have little in common with local content produced by networks. The only news programs that networks can control is that produced for national distribution.

The challenge here is not so much whether the market structure affects information quality but whether the government can measure the difference. The only practical way to do this is with research and surveys. The government has not performed such research.

### Political Competition

The more serious concerns about network ownership pertain to its relationship to politics. Democratic political systems rely on an informed electorate, because the right to franchise to the electorate is the basis for the right to vote. Democratic political systems rely on the media to provide information to the electorate. Theories of political democracy emphasize the importance of independent sources of information to prevent the concentration of power in the hands of the ruling parties.

Political competition is the process that enables citizens to form public opinions and to express them through competition in the marketplace for political influence. There are two key aspects of political competition: the number of sources of political information, and the structure of political communication.

#### The Role of Media in Politics

As Alternative Media Sources

Alternative media sources can provide citizens with information that they do not get from the mass media. The most important alternative media sources are independent newspapers and television stations.

#### The Role of Media in Politics

As Mainstream Media Sources

Mainstream media sources are those that are controlled by commercial interests. The role of mainstream media sources is to provide information that is not controlled by the government or any political party.

### The Core Issues About Media Ownership

The debate about market ownership rules involves two distinct aspects of competition: economic and political. The former usually attracts much more attention than the latter.

#### Economic Competition

#### The Core Issues About Media Ownership

The debate about market ownership rules involves two distinct aspects of competition: economic and political. The former usually attracts much more attention than the latter.

#### Economic Competition

Television has two products: advertising and content. Most TV revenue will continue to come from advertising, although cable networks charge for their programming. The value of newspapers can be measured by what it costs newspapers to produce content that it can sell to either readers or advertisers.

Likewise, network ownership of affiliates does not affect competition in the markets for viewers or advertisers because networks are suppliers, not competitors, of their affiliated stations. The only locally produced programs that occupy a significant share of broadcast time are news and sports. Stations broadcast live newscasts that have little in common with local content produced by networks. The only news programs that networks can control is that produced for national distribution.

The challenge here is not so much whether the market structure affects information quality but whether the government can measure the difference. The only practical way to do this is with research and surveys. The government has not performed such research.

### Political Competition

The more serious concerns about network ownership pertain to its relationship to politics. Democratic political systems rely on an informed electorate, because the right to franchise to the electorate is the basis for the right to vote. Democratic political systems rely on the media to provide information to the electorate. Theories of political democracy emphasize the importance of independent sources of information to prevent the concentration of power in the hands of the ruling parties.

Political competition is the process that enables citizens to form public opinions and to express them through competition in the marketplace for political influence. There are two key aspects of political competition: the number of sources of political information, and the structure of political communication.

#### The Role of Media in Politics

As Alternative Media Sources

Alternative media sources can provide citizens with information that they do not get from the mass media. The most important alternative media sources are independent newspapers and television stations.

#### The Role of Media in Politics

As Mainstream Media Sources

Mainstream media sources are those that are controlled by commercial interests. The role of mainstream media sources is to provide information that is not controlled by the government or any political party.

### The Core Issues About Media Ownership

The debate about market ownership rules involves two distinct aspects of competition: economic and political. The former usually attracts much more attention than the latter.

#### Economic Competition

Television has two products: advertising and content. Most TV revenue will continue to come from advertising, although cable networks charge for their programming. The value of newspapers can be measured by what it costs newspapers to produce content that it can sell to either readers or advertisers.

Likewise, network ownership of affiliates does not affect competition in the markets for viewers or advertisers because networks are suppliers, not competitors, of their affiliated stations. The only locally produced programs that occupy a significant share of broadcast time are news and sports. Stations broadcast live newscasts that have little in common with local content produced by networks. The only news programs that networks can control is that produced for national distribution.

The challenge here is not so much whether the market structure affects information quality but whether the government can measure the difference. The only practical way to do this is with research and surveys. The government has not performed such research.

### Political Competition

The more serious concerns about network ownership pertain to its relationship to politics. Democratic political systems rely on an informed electorate, because the right to franchise to the electorate is the basis for the right to vote. Democratic political systems rely on the media to provide information to the electorate. Theories of political democracy emphasize the importance of independent sources of information to prevent the concentration of power in the hands of the ruling parties.

Political competition is the process that enables citizens to form public opinions and to express them through competition in the marketplace for political influence. There are two key aspects of political competition: the number of sources of political information, and the structure of political communication.

#### The Role of Media in Politics

As Alternative Media Sources

Alternative media sources can provide citizens with information that they do not get from the mass media. The most important alternative media sources are independent newspapers and television stations.

#### The Role of Media in Politics

As Mainstream Media Sources

Mainstream media sources are those that are controlled by commercial interests. The role of mainstream media sources is to provide information that is not controlled by the government or any political party.

### The Core Issues About Media Ownership

The debate about market ownership rules involves two distinct aspects of competition: economic and political. The former usually attracts much more attention than the latter.

#### Economic Competition

Television has two products: advertising and content. Most TV revenue will continue to come from advertising, although cable networks charge for their programming. The value of newspapers can be measured by what it costs newspapers to produce content that it can sell to either readers or advertisers.

Likewise, network ownership of affiliates does not affect competition in the markets for viewers or advertisers because networks are suppliers, not competitors, of their affiliated stations. The only locally produced programs that occupy a significant share of broadcast time are news and sports. Stations broadcast live newscasts that have little in common with local content produced by networks. The only news programs that networks can control is that produced for national distribution.

The challenge here is not so much whether the market structure affects information quality but whether the government can measure the difference. The only practical way to do this is with research and surveys. The government has not performed such research.

### Political Competition

The more serious concerns about network ownership pertain to its relationship to politics. Democratic political systems rely on an informed electorate, because the right to franchise to the electorate is the basis for the right to vote. Democratic political systems rely on the media to provide information to the electorate. Theories of political democracy emphasize the importance of independent sources of information to prevent the concentration of power in the hands of the ruling parties.

Political competition is the process that enables citizens to form public opinions and to express them through competition in the marketplace for political influence. There are two key aspects of political competition: the number of sources of political information, and the structure of political communication.

#### The Role of Media in Politics

As Alternative Media Sources

Alternative media sources can provide citizens with information that they do not get from the mass media. The most important alternative media sources are independent newspapers and television stations.

#### The Role of Media in Politics

As Mainstream Media Sources

Mainstream media sources are those that are controlled by commercial interests. The role of mainstream media sources is to provide information that is not controlled by the government or any political party.

### The Core Issues About Media Ownership

The debate about market ownership rules involves two distinct aspects of competition: economic and political. The former usually attracts much more attention than the latter.

#### Economic Competition

Television has two products: advertising and content. Most TV revenue will continue to come from advertising, although cable networks charge for their programming. The value of newspapers can be measured by what it costs newspapers to produce content that it can sell to either readers or advertisers.

Likewise, network ownership of affiliates does not affect competition in the markets for viewers or advertisers because networks are suppliers, not competitors, of their affiliated stations. The only locally produced programs that occupy a significant share of broadcast time are news and sports. Stations broadcast live newscasts that have little in common with local content produced by networks. The only news programs that networks can control is that produced for national distribution.

The challenge here is not so much whether the market structure affects information quality but whether the government can measure the difference. The only practical way to do this is with research and surveys. The government has not performed such research.

### Political Competition

The more serious concerns about network ownership pertain to its relationship to politics. Democratic political systems rely on an informed electorate, because the right to franchise to the electorate is the basis for the right to vote. Democratic political systems rely on the media to provide information to the electorate. Theories of political democracy emphasize the importance of independent sources of information to prevent the concentration of power in the hands of the ruling parties.

Political competition is the process that enables citizens to form public opinions and to express them through competition in the marketplace for political influence. There are two key aspects of political competition: the number of sources of political information, and the structure of political communication.

#### The Role of Media in Politics

As Alternative Media Sources

Alternative media sources can provide citizens with information that they do not get from the mass media. The most important alternative media sources are independent newspapers and television stations.

#### The Role of Media in Politics

As Mainstream Media Sources

Mainstream media sources are those that are controlled by commercial interests. The role of mainstream media sources is to provide information that is not controlled by the government or any political party.
For an insightful analysis of the parallel between market competition and competition in ideas, see Owen (1976).

Television has two products: advertising and viewers. Most TV revenues still come from advertising, although many cable networks charge for viewing. The television industry argues that it competes with other entertainment media (newspapers, Economic Competition

The debate about television ownership rules involves two distinct aspects of competition: economic and political. The first is much easier to analyze than the second.

Whereas these issues surely are important, their connection concerns about media ownership. The first refers to the number of information sources. The second pertains to bias: If a network owner uses its power to suppress news or suppress an issue, the network may not provide enough information to enable citizens to detect all biases.

The requirements for deliberative democracy raise two separate issues for implementing citizen policy preferences turns on the extent to which the electorate is informed. Because a voter has almost no influence on election outcomes or government policy decisions, citizens have little incentive to spend much time, effort, and money to be informed. Moreover, it is likely to become informed as passive recipients of information that is prepared for them. The requirements for deliberative democracy raise two separate concerns about media ownership. The first refers to the number of information sources. The second pertains to bias: If a network owner uses its power to suppress news or suppress an issue, the network may not provide enough information to enable citizens to detect all biases.

For network ownership of affiliates, two arguments support an adverse effect on political competition. The first is that networks, more than local affiliates, are part of large entertainment conglomerates that have made so many stakes in mass media policies such as copyright protection, pornography law, and ownership of political competition. The effectiveness of democracy depends on implementation, and both network ownership of affiliates and cross-media ownership are unlikely to provide enough information to enable citizens to detect all biases. Whereas mega-combinations of multimedia enterprises are a valid concern if those media products, nearby national cable networks plus magazines and books, also provide information on national political issues. Whereas mega-combinations of multimedia enterprises are a valid concern if those media products, nearby national cable networks plus magazines and books, also provide information on national political issues. Whereas mega-combinations of multimedia enterprises are a valid concern if those media products, nearby national cable networks plus magazines and books, also provide information on national political issues. Whereas mega-combinations of multimedia enterprises are a valid concern if those media products, nearby national cable networks plus magazines and books, also provide information on national political issues.

Economists have long argued that competition is the only thing that matters in markets. The only locally produced programs that encourage a large number of stations are news and sports. Stations broadcast these programs because they are profitable, not out of political commitment. The only locally produced programs that encourage a large number of stations are news and sports. Stations broadcast these programs because they are profitable, not out of political commitment.

Likewise, network ownership of affiliates does not affect competition in the markets for news or advertising because national networks cannot completely control the content of their affiliates. Changing the ownership of a station changes neither its audience nor its minutes of advertising.

Some adverse consequences about network ownership of affiliates focus on competition in the program market. Network affiliates can provide a program to channels that they produce or that are acquired from others. If affiliates broaden network news fare, they will broadcast fewer programs aimed explicitly at local audiences and reduce the overall demand for program content.

This argument has led to another perspective. One is the "prime time access rule," which limits the number of hours per week that the major network can offer programs to affiliates. Whereas program production is independent of network affiliation, growing competition in broadcast and MVPD systems is irrelevant to the case for most ownership rules.

The problem that concerns this argument is the network's economic interest in having its programs seen. The economic case against even limited national television cross-ownership was never strong. Only those high-quality television offers competition against the major networks. Although local news and cable satellites are the mediums for this rivalry.

Moreover, combining the journalistic functions of newspapers and television is simply too low to support the economic argument that combining the journalism of newspapers and television is simply too low to support the economic argument that combining the journalism of newspapers and television is simply too low to support the economic argument that combining the journalism of newspapers and television is simply too low to support the economic argument. If a network controls both newspapers and television, it can control the production of news information that is collected for use by each channel as the other little extra cost. Thus, combining newspapers and TV news has potentially significant efficiency advantages for more in-depth coverage at a lower cost per consumer. For the average citizen, cross-media ownership has no disadvantages and a plausible advantage. For the average citizen, cross-media ownership has no disadvantages and a plausible advantage.

Cross-Media Ownership

The effectiveness of democracy depends on implementation, and both network ownership of affiliates and cross-media ownership are unlikely to produce enough information to enable citizens to detect all biases. Whereas mega-combinations of multimedia enterprises are a valid concern if those media products, nearby national cable networks plus magazines and books, also provide information on national political issues. Whereas mega-combinations of multimedia enterprises are a valid concern if those media products, nearby national cable networks plus magazines and books, also provide information on national political issues. Whereas mega-combinations of multimedia enterprises are a valid concern if those media products, nearby national cable networks plus magazines and books, also provide information on national political issues.

As a result, the five or six competitors that economists believe are necessary to produce a robustly competitive market maybe insufficient to produce competition in the provision of politically relevant information.

UnFortunately, where to place competition to the standard measures of economic competition (concentration of sales among a few firms) is not as clear.

For local news, the FCC's "prime time access index" is calculated from the number of sources of local information, with different media weighted by the proportion of their population that claims to rely on them as sources of news and information. In the market concentration, there is no basis in theory or empirical research to relate the FCC's index to the extent which votes are informed or to the robustness of political competition. Cross-Media Ownership

The concern about political competition has different applications for newspaper and network ownership rules. The first is whether newspaper and network cross-ownership is economically or politically damaging. Cross-Media Ownership

This argument has led to another perspective. One is the "prime time access rule," which limits the number of hours per week that the major network can offer programs to affiliates. Whereas program production is independent of network affiliation, growing competition in broadcast and MVPD systems is irrelevant to the case for most ownership rules.

The problem that concerns this argument is the network's economic interest in having its programs seen. The economic case against even limited national television cross-ownership was never strong. Only those high-quality television offers competition against the major networks. Although local news and cable satellites are the mediums for this rivalry.

Moreover, combining the journalistic functions of newspapers and television is simply too low to support the economic argument that combining the journalism of newspapers and television is simply too low to support the economic argument that combining the journalism of newspapers and television is simply too low to support the economic argument. If a network controls both newspapers and television, it can control the production of news information that is collected for use by each channel as the other little extra cost. Thus, combining newspapers and TV news has potentially significant efficiency advantages for more in-depth coverage at a lower cost per consumer. For the average citizen, cross-media ownership has no disadvantages and a plausible advantage. For the average citizen, cross-media ownership has no disadvantages and a plausible advantage.

Cross-Media Ownership

The effectiveness of democracy depends on implementation, and both network ownership of affiliates and cross-media ownership are unlikely to produce enough information to enable citizens to detect all biases. Whereasmega-combinations of multimedia enterprises are a valid concern if those media products, nearby national cable networks plus magazines and books, also provide information on national political issues. Whereasmega-combinations of multimedia enterprises are a valid concern if those media products, nearby national cable networks plus magazines and books, also provide information on national political issues. Whereasmega-combinations of multimedia enterprises are a valid concern if those media products, nearby national cable networks plus magazines and books, also provide information on national political issues. Whereasmega-combinations of multimedia enterprises are a valid concern if those media products, nearby national cable networks plus magazines and books, also provide information on national political issues.
The decision by the Federal Communications Commission (FCC) to relax its television ownership rules created a political firestorm, with overblown claims from both sides of the debate. Proponents picture the television industry as in dire straits due to competition from cable networks and the Internet. They argue the FCC’s ownership rules do not make sense in the digital age and that the FCC should change the rules to do with economic competition and deliberative democracy. But business is not so simple and matters as things stand. The truth lies somewhere in between.

The History of Ownership Rules

Originally television was allocated twelve channels (VHF channels 2–13). In assigning channels, the FCC hoped to create a level playing field by promoting "localism" in television broadcasting. The FCC wanted each city to have a few VHF stations, so the FCC decided that no one could own more than one channel in a city. These policies meant that only three networks were commercially feasible. In other nations, stations are more powerful and serve entire regions rather than a single metro area. Had the FCC allowed regional networks the way the other nations did, they would attract fewer viewers because they had lower signal quality, so they were not effective competitors to VHF stations.

Recognizing that most Americans viewed three or fewer networks and that American daily newspapers were declining in numbers, the FCC concluded that newspapers should not be allowed to own television stations because joint ownership would reduce the already limited number of independent news outlets.

Conclusions

The FCC’s history of ownership rules in television broadcasting arises from its long commitment to localism. Regardless of the merits of localism as an ideal, it has overruled the practical realities of the television industry. Television is among the least suitable communications media for success in producing generally local product. Exchanging programs is unlikely to sustain, and diversity in the number of TV stations only enhances the strong economic push to make television a mass communications medium of national scope — as it is everywhere in the world.

References


Roger Noll is the director of the Center for Research on Economic Development and Policy Reform and the Morris M. Doyle Centennial Professor (also Director, Public Policy Program, and Professor by Courtesy, Department of Political Science) at Stanford University. In addition he is a Senior Fellow at the Stanford Institute for Economic Policy Research. Noll’s research interests are broad, encompassing public policy general economic issues, telecommunications, political analysis of the judicial system, technology policy, and economics of sports. He has written and coauthored numerous papers and books and is on many boards including the AEA and the California Council on Science and Technology.

Noll received his Ph.D. from Harvard and his B.S. California Institute of Technology.

Roger G. Noll

June 2003

The FCC’s New Television Ownership Rules

T he decision by the Federal Communications Commission (FCC) to relax its television ownership rules created a political firestorm, with overblown claims from both sides of the debate. Proponents picture the television industry as in dire straits due to competition from cable networks and the Internet, and assert economic efficiency gains from relaxed rules. Opponents see monopolization and fear for the future of American democracy. The truth lies somewhere in between.

The FCC’s history of ownership rules in television broadcasting arises from its long commitment to localism. Regardless of the merits of localism as an ideal, it has overruled the practical realities of the television industry. Television is among the least suitable communications media for success in producing generally local product. Exchanging programs is unlikely to sustain, and diversity in the number of TV stations only enhances the strong economic push to make television a mass communications medium of national scope — as it is everywhere in the world.

All things considered, the FCC’s television ownership rules do not matter much, and are likely to have a negative impact on viewers, advertisers and the program content industry, these rules are not worth fighting for or even worrying much about.

The History of Ownership Rules

Originally television was allocated twelve channels (VHF channel 2–13). In assigning channels, the FCC promoted localism — like newspapers, stations were to reflect local tastes and to report local events. To ensure that stations were local, the FCC limited the power of TV stations to permit local owners in granting licenses, and limited their power over content. To prevent signals from interfering, stations required that each city have two VHF stations, so the FCC decided that one could own more than one channel in a city.

These policies meant that only three networks were economically feasible. In other nations, stations are more powerful and serve entire regions rather than a single metro area. Had the FCC allocated regional stations, six or seven national networks would have been viable, as is the case in Europe, the other major market to allow television to develop on a private, commercial medium. Later the FCC allocated channels in the VHF band, but these stations attracted few viewers because they had lower signal quality, so they were not effective competitors to VHF stations.

Recognizing that most Americans viewed three or fewer networks and that American daily newspapers were declining in numbers, the FCC concluded that newspapers should not be allowed to own television stations because joint ownership would reduce the already limited number of independent news outlets.

Conclusions

The FCC’s history of ownership rules in television broadcasting arises from its long commitment to localism. Regardless of the merits of localism as an ideal, it has overruled the practical realities of the television industry. Television is among the least suitable communications media for success in producing generally local product. Exchanging programs is unlikely to sustain, and diversity in the number of TV stations only enhances the strong economic push to make television a mass communications medium of national scope — as it is everywhere in the world.

All things considered, the FCC’s television ownership rules do not matter much, and are likely to have a negative impact on viewers, advertisers and the program content industry, these rules are not worth fighting for or even worrying much about.

The History of Ownership Rules

Originally television was allocated twelve channels (VHF channel 2–13). In assigning channels, the FCC promoted localism — like newspapers, stations were to reflect local tastes and to report local events. To ensure that stations were local, the FCC limited the power of TV stations to permit local owners in granting licenses, and limited their power over content. To prevent signals from interfering, stations required that each city have two VHF stations, so the FCC decided that one could own more than one channel in a city.

These policies meant that only three networks were economically feasible. In other nations, stations are more powerful and serve entire regions rather than a single metro area. Had the FCC allocated regional stations, six or seven national networks would have been viable, as is the case in Europe, the other major market to allow television to develop on a private, commercial medium. Later the FCC allocated channels in the VHF band, but these stations attracted few viewers because they had lower signal quality, so they were not effective competitors to VHF stations.

Recognizing that most Americans viewed three or fewer networks and that American daily newspapers were declining in numbers, the FCC concluded that newspapers should not be allowed to own television stations because joint ownership would reduce the already limited number of independent news outlets.

Conclusions

The FCC’s history of ownership rules in television broadcasting arises from its long commitment to localism. Regardless of the merits of localism as an ideal, it has overruled the practical realities of the television industry. Television is among the least suitable communications media for success in producing generally local product. Exchanging programs is unlikely to sustain, and diversity in the number of TV stations only enhances the strong economic push to make television a mass communications medium of national scope — as it is everywhere in the world.

All things considered, the FCC’s television ownership rules do not matter much, and are likely to have a negative impact on viewers, advertisers and the program content industry, these rules are not worth fighting for or even worrying much about.

The History of Ownership Rules

Originally television was allocated twelve channels (VHF channel 2–13). In assigning channels, the FCC promoted localism — like newspapers, stations were to reflect local tastes and to report local events. To ensure that stations were local, the FCC limited the power of TV stations to permit local owners in granting licenses, and limited their power over content. To prevent signals from interfering, stations required that each city have two VHF stations, so the FCC decided that one could own more than one channel in a city.

These policies meant that only three networks were economically feasible. In other nations, stations are more powerful and serve entire regions rather than a single metro area. Had the FCC allocated regional stations, six or seven national networks would have been viable, as is the case in Europe, the other major market to allow television to develop on a private, commercial medium. Later the FCC allocated channels in the VHF band, but these stations attracted few viewers because they had lower signal quality, so they were not effective competitors to VHF stations.

Recognizing that most Americans viewed three or fewer networks and that American daily newspapers were declining in numbers, the FCC concluded that newspapers should not be allowed to own television stations because joint ownership would reduce the already limited number of independent news outlets.

Conclusions

The FCC’s history of ownership rules in television broadcasting arises from its long commitment to localism. Regardless of the merits of localism as an ideal, it has overruled the practical realities of the television industry. Television is among the least suitable communications media for success in producing generally local product. Exchanging programs is unlikely to sustain, and diversity in the number of TV stations only enhances the strong economic push to make television a mass communications medium of national scope — as it is everywhere in the world.

All things considered, the FCC’s television ownership rules do not matter much, and are likely to have a negative impact on viewers, advertisers and the program content industry, these rules are not worth fighting for or even worrying much about.

The History of Ownership Rules

Originally television was allocated twelve channels (VHF channel 2–13). In assigning channels, the FCC promoted localism — like newspapers, stations were to reflect local tastes and to report local events. To ensure that stations were local, the FCC limited the power of TV stations to permit local owners in granting licenses, and limited their power over content. To prevent signals from interfering, stations required that each city have two VHF stations, so the FCC decided that one could own more than one channel in a city.

These policies meant that only three networks were economically feasible. In other nations, stations are more powerful and serve entire regions rather than a single metro area. Had the FCC allocated regional stations, six or seven national networks would have been viable, as is the case in Europe, the other major market to allow television to develop on a private, commercial medium. Later the FCC allocated channels in the VHF band, but these stations attracted few viewers because they had lower signal quality, so they were not effective competitors to VHF stations.

Recognizing that most Americans viewed three or fewer networks and that American daily newspapers were declining in numbers, the FCC concluded that newspapers should not be allowed to own television stations because joint ownership would reduce the already limited number of independent news outlets.

Conclusions

The FCC’s history of ownership rules in television broadcasting arises from its long commitment to localism. Regardless of the merits of localism as an ideal, it has overruled the practical realities of the television industry. Television is among the least suitable communications media for success in producing generally local product. Exchanging programs is unlikely to sustain, and diversity in the number of TV stations only enhances the strong economic push to make television a mass communications medium of national scope — as it is everywhere in the world.

All things considered, the FCC’s television ownership rules do not matter much, and are likely to have a negative impact on viewers, advertisers and the program content industry, these rules are not worth fighting for or even worrying much about.
The decision by the Federal Communications Commission (FCC) to relax its television ownership rules created a political firestorm, with overblown claims from both sides of the debate. Proponents picture the television industry as in dire straits due to competition from cable networks and the Internet, and fear that these rules are incapable of doing justice to a complex and dynamic marketplace. Opponents see monopolization and fear for the future of American democracy. The truth lies somewhere in between.

The History of Ownership Rules

Originally television was allocated twelve channels (VHF channels 2–13). In assigning channels, the FCC promoted "localism," which required that each city have few VHF stations, so the FCC decided that no one could own more than one channel in a city. These policies meant that only three networks were commercially feasible. In other nations, stations are more powerful and serve entire regions rather than a single metro area. Had the FCC allowed regional ownership, it would have created a much more competitive environment, where new stations would attract fewer viewers because they had lower signal quality, so they were not effective competitors to VHF stations.

Recognizing that most Americans viewed three or fewer networks and that American daily newspapers were shrinking in numbers, the FCC concluded that newspapers should not be allowed to own television stations because joint ownership would reduce the already limited number of independent news outlets.

Conclusions

The FCC’s history of ownership rules in television broadcasting arises from its long commitment to localism. Regardless of the merits of localism as an ideal, it is anachronistically counterproductive in the real world. All things considered, the FCC’s television ownership rules do not matter much, and not at all. Networks and newspapers want to buy television stations for reasons that have nothing to do with economic competition and deliberative democracy. But businesses rarely seek to further social goals, and the fact that they do not is by itself an insufficient reason to regulate them. From the perspective of television viewers, advertisers and the program content industry, these rules are not worth fighting for or even worrying much about.

References