

**STATEMENT OF
CHAIRMAN AJIT PAI**

Re: *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; *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; *Rules and Policies Concerning Attribution of Joint Sales Agreements in Local Television Markets*, MB Docket No. 04-256; *Rules and Policies to Promote New Entry and Ownership Diversity in the Broadcasting Services*, MB Docket No. 17-289.

It’s a simple proposition: the media ownership regulations of 2017 should match the media marketplace of 2017.

That’s the proposition the FCC vindicates today—nothing more, nothing less. And it’s about time. For few of the FCC’s rules are staler than our broadcast ownership regulations. Notwithstanding the congressional command that we review and update these rules every four years, they have remained stuck in the past. After too many years of cold shoulders and hot air, this agency finally drags its broadcast ownership rules into the digital age.

Our decision is based on the law, the facts in the record, and sound economics. Some say we’ve gone too far. Others say we haven’t gone far enough. I think we’ve gotten it just right.

The *Order* ably sets forth the rationale for our decisions. So I don’t need to read a lengthy statement, a welcome change of pace for those who had to endure my long dissenting statements regarding the prior Commission’s 2014 and 2016 media ownership orders. But I would like to briefly highlight four important points.

First, we eliminate the newspaper-broadcast cross-ownership rule that was adopted in 1975. As President Clinton’s first FCC Chairman said back in 2013, this rule is “perverse.” With the newspaper industry in crisis, it makes no sense to place regulatory roadblocks in the way of those who want to purchase newspapers. The media landscape has changed dramatically in the last 42 years, and the idea that a company could dominate a media market by owning a radio station and a newspaper is utter nonsense.

This is a rule that, among other things, predates cable news and a little thing called the Internet. It reflects a world in which people would come home from work, put on their slippers, read the evening paper, and watch the 11:00 news. It doesn’t reflect a world in which we get news and analysis throughout the day from countless national and local websites, podcasts, and social media outlets. Indeed, one *Wall Street Journal* article recently dubbed Facebook “the most powerful distributor of news and information on Earth.” And I know for a fact from my Twitter feed that many are following news of today’s Commission meeting through that outlet.

To be sure, repealing the newspaper-broadcast cross-ownership rule won’t end the newspaper industry’s struggles. But it will open the door to pro-competitive combinations that can strengthen local voices and enable both newspapers and broadcast stations to better serve their communities.

Second, we reform the local television ownership rule to eliminate the eight-voices test. That test says that no company is allowed to own two television stations in a market unless there are at least eight independently-owned television stations in that market. We haven’t been able to find any other industry in which the government preemptively decrees that there must be at least eight competitors for a market to be competitive. Nor have we found any economic literature justifying this proposition. And little wonder, for the eight-voices test has as strong a factual basis as does the health myth that you should

drink eight glasses of water per day.¹ By ending this entirely arbitrary test, we allow efficient combinations that can help television stations thrive. This is particularly true in small- and mid-sized markets where there may not be sufficient advertising revenue to support eight vibrant competitors.

Third, we reverse the prior FCC's mistaken crackdown on television joint sales agreements (JSAs). Whenever I think about JSAs, I remember my 2015 visit to television station WLOO in Jackson, Mississippi. WLOO is owned by Tougaloo College, a historically black college. The station produces its own content, broadcasts in HD and carries programming created by and for African-Americans. It also offers student-interns the opportunity to get hands-on training, nurturing the next generation of minority broadcasters.

During my visit, I toured the station with general manager Pervis Parker. Pervis told me that WLOO's joint sales agreement with another Jackson station, WDBD, has been crucial to the station's success. Without it, he told me the station wouldn't have survived given its limited financial resources. In fact, I had first met Pervis the year before when he came to the FCC to express his opposition to the prior Commission's misguided crackdown on JSAs.

And this story is not unique. I've visited two stations in Wichita that participate in a joint sales agreement that has allowed for the broadcast of the only Spanish-language television news in Kansas. The staff working at those stations directly told me that these Spanish-language newscasts would not have been possible without the JSA. And then there's the JSA in Joplin, Missouri that permitted KSNF and KODE to upgrade their Doppler radar system, which proved critical when a disaster tornado tore through the city on May 22, 2011. These examples, and countless others, provide overwhelming evidence that JSAs improve local television stations' ability to serve their viewers' needs. I'm pleased that at long last, we reject the prior misguided policy, which essentially made it impossible for stations to enter into JSAs in most markets.

And *fourth*, we adopt an incubator program to expand ownership diversity. We heard a lot of talk during the prior Administration about the need to take action to promote ownership diversity. But after eight years, what was there to show for it? Nothing. Zero. It was all just a talking point, as underscored by the prior majority's specific rejection of my call for an incubator program a few years ago. But this FCC is taking concrete action. Today, we decide to establish an incubator program and seek public input on how it should be designed. In addition, I've tasked the new Advisory Committee on Diversity and Digital Empowerment to study this issue and provide recommendations. With wise counsel from the public and the committee, I'm confident that we'll craft a program that will help bring diverse voices into the broadcast industry.

Finally, I would like to thank the dedicated staff who worked on this *Order*: Ben Arden, Michelle Carey, Chad Guo, Brendan Holland, Tom Horan, Jamila-Bess Johnson, Kim Matthews, Mary Beth Murphy, and Julie Salovaara from the Media Bureau; and Susan Aaron, David Gossett, Dave Konczal, Jake Lewis, Bill Richardson, and Royce Sherlock from the Office of General Counsel. The good news for you is that today marks the end of the 2010 and 2014 quadrennial reviews; the bad news is that next year, many of you will be starting work on the 2018 review.

¹ See "You don't really need to drink eight glasses of water each day," *The Verge* (May 10, 2017), available at <https://www.theverge.com/2017/5/10/15619544/how-much-water-a-day-8-glasses-myth>; "No, You Do Not Have to Drink 8 Glasses of Water a Day," *The New York Times* (Aug. 25, 2015), available at <https://www.nytimes.com/.../no-you-do-not-have-to-drink-8-glasses-of-water-a-day.html>.