The Daily Dish

The FCC's Media Ownership Order is a Retreat from Congressional Mandate

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On Friday Vice President Joe Biden announced that Amtrak will receive a $2.45 billion loan from the federal government. According to the White House, the loan will be the largest loan in the Department of Transportation (DOT) history. The loan will be used by Amtrak to purchase new trains and improve infrastructure along the Northeast Corridor. While Amtrak typically operates at a loss, they believe they will be able to repay the loan through growth along the Northeast Corridor once the improvements are made.

Last week Federal Reserve Chairwomen Janet Yellen stated a rate hike before the end of 2016 is becoming increasingly likely. Yellen stated steady economic gains have made a strong case for increasing interest rates before the year's end. In December the Fed raised interest rates for the first time since the financial crisis began. The Federal Reserve has three meetings left in 2016.

Eakinomics: The FCCs Media Ownership Order is a Retreat from Congressional Mandate

Dramatic changes have taken place in the media marketplace since 1975, but the Federal Communications Commission (FCC) continues to stick with the status quo. After dragging their feet for over eight years, the FCC decided not to change media ownership rules, which regulate ownership for newspapers, television, and radio. Keeping the status quo not only defies Congressional mandates that direct the agency to repeal or modify the rules if it is in the public interest, but is another example of the retreat from fact-based regulation by the FCC under Chairman Wheeler.

As FCC Commissioner Pai points out, there is bipartisan agreement to repeal an outdated rule that limits newspaper and broadcast cross ownership. Newspaper circulation is down, and broadcasters have faced their own pressures in securing ad dollars. Allowing for both to share the burden of investing in local reporting can help boost the creation of content, a goal set out by Congress. Studies commissioned by FCC find exactly this outcome. Nevertheless, the rule still stands and the official record offers no serious reason as to why.

The Report and Order also claims that "non-broadcast video offerings still do not serve as meaningful substitutes for local broadcast television." Recent studies confirm that consumers do see non-broadcast and broadcast video offerings as substitutes. Indeed, local TV, radio, and newspapers have all faced competition from online sources. It is almost laughable at this point to think otherwise.

The Report and Order shows the FCC isn't seriously engaged with empirics. Moreover, this is the first review the FCC has conducted in over eight years, even though Congress intended one every four. Meanwhile, the agency has spent considerable resources on the network neutrality fight, even though Congress has never given the agency an explicit mandate. Recently, the FCC asked the court for more time to prepare for a legal fight it knew was on the horizon. The FCC acts as though the law is a choose-your-own-adventure. Adding it all up, it is clear the agency needs to be reined in by Congress.