

28. *Source Diversity.* Source diversity refers to the availability of media content from a variety of content producers. The record before us does not support a conclusion that source diversity should be an objective of the Commission's broadcast ownership policies. In light of dramatic changes in the television market, including the significant increase in the number of channels available to most households today, the Commission finds no basis in the record to conclude that government regulation is necessary to promote source diversity. Given the explosion of programming channels now available in the vast majority of homes today, and in the absence of evidence to the contrary, the Commission cannot conclude that source diversity should be a policy goal of our broadcast ownership rules.

29. *Minority and Female Ownership Diversity.* Encouraging minority and female ownership historically has been an important Commission objective, and the Commission reaffirms that goal here. NABOB recommends that the Commission should maintain our current ownership rules; use Arbitron markets to define radio markets; give greater consideration to the promotion of viewpoint diversity and minority ownership when the Commission reviews assignment of license and transfer of control applications; eliminate our policy of granting temporary waivers of our multiple ownership rules (which allow merging broadcasters 6–24 months to come into compliance with the rules); adopt a bright-line test to limit radio ownership consolidation; and urge Congress to reinstate the minority tax certificate policy.

30. IPI argues that maintenance of broadcast ownership caps will best serve the distinct programming preferences of minority groups. AWRT asks us to include the goal of increasing the number of female-owned broadcast businesses as the Commission considers changes to its broadcast ownership rules. UCC urges the Commission to “explicitly advance through its ownership rules” the policy goal of promoting broadcast ownership opportunities for women, minorities and small businesses.

31. MMTC proposes business and regulatory initiatives that “would go a long way toward increasing entry into the communications industry by minorities.” MMTC's initiatives include: (1) Equity for specific and contemplated future acquisitions; (2) enhanced outreach and access to debt financing by major financial institutions; (3) investments in institutions specializing in minority and

small business financing; (4) cash and in-kind assistance to programs that train future minority media owners; (5) creation of a business planning center that would work one-on-one with minority entrepreneurs as they develop business plans and strategies, seek financing, and pursue acquisitions; (6) executive loans, and engineers on loan, to minority owned companies and applicants; (7) enhanced access to broadcast transactions through sellers undertaking early solicitations of qualified minority new entrants and affording them the same opportunities to perform early due diligence as the sellers afford to established non-minority owned companies; (8) nondiscrimination provisions in advertising sales contracts; (9) incubation and mentoring of future minority owners; (10) enactment of tax deferral legislation designed to foster minority ownership; (11) examination of how to promote minority ownership as an integral part of all FCC general media rulemaking proceedings; and (12) ongoing longitudinal research on minority ownership trends, conducted by the FCC, NTIA, or both; (13) sales to certain minority or small businesses as alternatives to divestitures. The Commission has received many creative proposals to advance minority and female ownership. Clearly, a more thorough exploration of these issues, which will allow us to craft specifically tailored rules that will withstand judicial scrutiny, is warranted. The Commission will issue a Notice of Proposed Rulemaking to address these issues and incorporate comments on these issues received in this proceeding into that proceeding.

32. The Commission sees significant immediate merit in one commenter's proposal regarding the transfer of media properties that collectively exceed our radio ownership cap. Minority Media & Telecommunications Council (MMTC) recommends that the Commission generally forbid the wholesale transfer of media outlets that exceed our ownership rules except where the purchaser qualifies as a “socially and economically disadvantaged business.” The Commission agrees with MMTC that a limited exception to a “no transfer” policy for above-cap combinations would serve the public interest. The Commission also agrees with MMTC that the benefits to competition and diversity of a limited exception allowing entities to sell above-cap combinations to eligible small entities outweigh the potential harms of allowing the above-cap combination to remain intact.

33. The Commission intends to refer the question of how best to ensure that interested buyers are aware of broadcast properties for sale to the Advisory Committee on Diversity for further inquiry and will carefully review any recommendations this Committee may proffer. As soon as the Commission receives authorization to form this committee it will ask it to make consideration of this issue among its top priorities.

B. Competition

34. From its inception, the Commission has sought to ensure that transfers and assignments of station licenses remain consistent with the policy of free competition embodied in the Communications Act. The Commission sees nothing in the 1996 Act that signifies a retreat from our deep and abiding interest in promoting and preserving competition in broadcasting. It is clear that competition is a policy that is intimately tied to our public interest responsibilities and one that the Commission has a statutory obligation to pursue. The Commission affirms our longstanding commitment to promoting competition by ensuring pro-competitive market structures. Consumers receive more choice, lower prices, and more innovative services in competitive markets than they do in markets where one or more firms exercises market power. These benefits of competition can be achieved when regulators accurately identify market structures that will permit vigorous competition.

35. In limiting broadcast ownership to promote economic competition, the Commission also takes major strides toward protecting and promoting its separate policy goal of protecting competition in the marketplace of ideas. In many markets, the record evidence shows that the Commission's competition-based ownership limits more than adequately protect viewpoint diversity in a large number of markets. Nonetheless, the Commission's analysis of the record leads it to conclude that preserving competitive markets will not, in all cases, adequately protect viewpoint diversity. The Commission finds that certain combinations in smaller markets would unreasonably threaten viewpoint diversity even if they would not result in competitive harms.

36. *Measurement of competition.* Historically the Commission has relied on assessments of competition in advertising markets as a proxy for consumer welfare in media markets.

37. Although advertising markets continue to be a reasonable basis on