Connecticut Debate Association, November 15, 2008 Resolved: That the media in the United States should be required to abide by the Fairness Doctrine.

Fairness Doctrine (Wikipedia)

Fairness Doctrine was a policy of the U.S. <u>Federal Communications Commission</u> (FCC) that required the holders of <u>broadcast licenses</u> to present controversial issues of public importance and to do so in a manner that was honest, equitable, and balanced. The <u>United States Supreme Court</u> upheld the Commission's general right to enforce such a policy where channels were limited, but the courts have generally not ruled that the FCC is obliged to do so. [1] In 1987, the FCC abolished the Fairness Doctrine, prompting some to urge its reintroduction through either Commission policy or Congressional legislation. [2]

Overview

The Fairness Doctrine had two basic elements: It required broadcasters to devote some of their airtime to discussing controversial matters of public interest, and to air contrasting views regarding those matters. Stations were given wide latitude as to how to provide contrasting views: It could be done through news segments, public affairs shows or editorials. The Doctrine did not require equal time for opposing views, but required that contrasting viewpoints be presented.

The Fairness Doctrine was introduced in the U.S. in 1949. The doctrine remained a matter of general policy, and was applied on a case-by-case basis until 1967, when certain provisions of the doctrine were incorporated into FCC regulations.

In 1974 the Federal Communications Commission asserted that Congress had delegated it the power to mandate a system of "access, either free or paid, for person or groups wishing to express a viewpoint on a controversial public issue..." but that it had not yet exercised that power because licensed broadcasters had voluntarily complied with the spirit of the Doctrine. It warned that "should future experience indicate that the doctrine [of voluntary compliance] is inadequate, either in its expectations or in its results, the Commission will have the opportunity—and the responsibility—for such further reassessment and action as would be mandated." [5]

Decisions of the United States Supreme Court

In <u>Red Lion Broadcasting Co. v. FCC</u>, 395 U.S. 367 (1969), the <u>U.S. Supreme Court</u> upheld (by a vote of 8-0) the constitutionality of the Fairness Doctrine in a case of an on-air personal attack, in response to challenges that the Doctrine violated the <u>First Amendment to the U.S. Constitution</u>. The case began when journalist <u>Fred J. Cook</u>, after the publication of his <u>Goldwater: Extremist of the Right</u>, was the topic of discussion by <u>Billy James Hargis</u> on his daily Christian Crusade radio broadcast on <u>WGCB</u> in <u>Red Lion, Pennsylvania</u>. Mr. Cook sued arguing that the FCC's fairness doctrine entitled him to free air time to respond to the personal attacks. [6]

Although similar laws had been called unconstitutional when applied to the press, the Court cited a <u>Senate</u> report (S. Rep. No. 562, 86th Cong., 1st Sess., 8-9 [1959]) stating that radio stations could be regulated in this way due to the limited spectrum of the public airwaves. Writing for the Court, Justice <u>Byron White</u> declared:

A license permits broadcasting, but the licensee has no constitutional right to be the one who holds the license or to monopolize a radio frequency to the exclusion of his fellow citizens. There is nothing in the First Amendment which prevents the Government from requiring a licensee to share his frequency with others.... It is the right of the viewers and listeners, not the right of the broadcasters, which is paramount. [1]

The Court warned that if the doctrine ever restrained speech, then its constitutionality should be reconsidered.

However, in the case of <u>Miami Herald Publishing Co. v. Tornillo</u>, <u>418 U.S. 241</u> (1974), <u>Chief Justice Warren Burger</u> wrote (for a unanimous court), "Government-enforced right of access inescapably dampens the vigor and limits the variety of public debate." This decision differs from *Red Lion* v. *FCC* in that it applies to a newspaper, where there is no such technical limit on the number of possible newspapers.

In 1984, the Supreme Court ruled that Congress could not forbid editorials by non-profit stations that received grants from the Corporation for Public Broadcasting (FCC v. League of Women Voters of California, 468 U.S. 364 (1984)). The Court's 5-4 majority decision by William J. Brennan, Jr. stated that while many now considered that expanding sources of communication had made the Fairness Doctrine's limits unnecessary, "We are not prepared, however, to reconsider our longstanding approach without some signal from Congress or the FCC that technological developments have advanced so far that some revision of the system of broadcast regulation may be required." (footnote 11). After noting that the FCC was considering repealing the Fairness Doctrine rules on editorials and personal attacks out of fear that those rules might be "chilling speech", the Court added

Of course, the Commission may, in the exercise of its discretion, decide to modify or abandon these rules, and we express no view on the legality of either course. As we recognized in Red Lion, however, were it to be shown by the Commission that the fairness doctrine "[has] the net effect or reducing rather than enhancing" speech, we would then be forced to reconsider the constitutional basis of our decision in that case. (footnote 12). [7]

End of Fairness Doctrine

Under FCC Chairman Mark S. Fowler, a communications attorney who had served on Ronald Reagan's presidential campaign staff in 1976 and 1980, the commission began to repeal parts of the Fairness Doctrine, announcing in 1985 that the doctrine hurt the public interest and violated the First Amendment.

In one landmark case, the FCC argued that <u>teletext</u> was a new technology that created soaring demand for a limited resource, and thus could be exempt from the Fairness Doctrine. The Telecommunications Research and Action Center (TRAC) and Media Access Project (MAP) argued that teletext transmissions should be regulated like any other airwave technology, hence the Fairness Doctrine was applicable (and must be enforced by the FCC).

In 1986, Judges Robert Bork and Antonin Scalia of the United States Court of Appeals for the District of Columbia Circuit concluded that the Fairness Doctrine did apply to teletext but that the FCC was not required to apply it. In a 1987 case, Meredith Corp. v. FCC, two other judges on the same court declared that Congress did not mandate the doctrine and the FCC did not have to continue to enforce it.

In August 1987, the FCC abolished the doctrine by a 4-0 vote, in the *Syracuse Peace Council* decision, which was upheld by the Appeals Court for the D.C. Circuit in February 1989. The FCC stated, "the intrusion by government into the content of programming occasioned by the enforcement of [the Fairness Doctrine] restricts the journalistic freedom of broadcasters ... [and] actually inhibits the presentation of controversial issues of public importance to the detriment of the public and the degradation of the editorial prerogative of broadcast journalists," and suggested that, due to the many media voices in the marketplace, the doctrine be deemed unconstitutional.

Reinstatement

Support for reinstatement

Some Democratic legislators have expressed interest in reinstituting the Fairness Doctrine [13] although none have introduced any bills to do so.

- On October 22, 2008, Senator <u>Jeff Bingaman</u>, Democrat of <u>New Mexico</u>, told a conservative talk radio host in <u>Albuquerque</u>, <u>NM</u> that "I would want this station and all stations to have to present a balanced perspective and different points of view," and "All I'm saying is that for many, many years we operated under a Fairness Doctrine in this country, and I think the country was well-served. I think the public discussion was at a higher level and more intelligent in those days than it has become since."
- On June 24, 2008, <u>House Speaker Nancy Pelosi</u> (who represents <u>California's 8th</u> <u>congressional district</u>) told reporters that her fellow <u>Democratic</u> Representatives did not want to forbid reintroduction of the Fairness Doctrine, adding "the interest in my caucus is the reverse." When asked by John Gizzi of <u>Human Events</u>, "Do you personally support revival of the 'Fairness Doctrine?", the Speaker replied "Yes."
- A year earlier, in June 2007, Senator <u>Richard Durbin</u> (Democrat of <u>Illinois</u>) said, "It's time to reinstitute the Fairness Doctrine," an opinion shared by his Democratic colleague, Senator <u>John Kerry</u> of <u>Massachusetts</u>.

In an August 13, 2008, telephone poll released by Scott Rasmussen, 47% of 1,000 likely voters supported a government requirement that broadcasters offer equal amounts of liberal and conservative commentary, while 39% opposed such a requirement. In the same poll, 57% opposed, and only 31% favored, requiring Internet web sites and bloggers that offer political commentary to present opposing points of view. By a margin of 71%-20% the respondents agreed that it is "possible for just about any political view to be heard in today's media" (including the Internet, newspapers, cable \overline{TV} and satellite radio), but only half the sample said they had followed recent news stories about the Fairness Doctrine closely. (The margin of error had a 95% chance of being within \pm 3%.)

Opposition to reinstatement

The Fairness Doctrine has been strongly opposed by prominent libertarians and conservatives who view it as an attempt to regulate or mandate certain types of speech on the airwaves. Editorials in *The Wall Street Journal* and *The Washington Times* have said that Democratic attempts to bring back the Fairness Doctrine have been made largely in response to and contempt for the successes of conservative <u>talk radio</u>. [19] [20]

On August 12, 2008, FCC Commissioner Robert M. McDowell stated that the reinstitution of the Fairness Doctrine could be intertwined with the debate over network neutrality (a proposal to classify network operators as common carriers required to admit all Internet services, applications and devices on equal terms), presenting a potential danger that net neutrality and Fairness Doctrine advocates could try to expand content controls to the Internet. [21] It could also include "government dictating content policy". [22] The Media Research Center's Culture & Media Institute argued that the three main points supporting the Fairness Doctrine - media scarcity, liberal viewpoints being censored at a corporate level, and public interest - are all myths. [23]

Leftist media reform organizations such as <u>Free Press</u> feel that a return to the Doctrine is not as important as setting stronger station ownership caps and stronger "public interest" standards enforcement (with fines given to <u>public broadcasting</u>). [24]

In June 2008, <u>Barack Obama</u>'s campaign said that he "does not support reimposing the Fairness Doctrine on broadcasters," but that he "considers this debate to be a distraction from the conversation we should be having about opening up the airwaves and modern communications to as many diverse viewpoints as possible," adding, "That is why Sen. Obama supports mediaownership caps, <u>network neutrality</u>, <u>public broadcasting</u>, as well as increasing minority ownership of broadcasting and print outlets.". [25]

The American Thinker, June 20, 2008 (www.americanthinker.com)

The Fairness Doctrine at Work

By William Tate

While some Democrats push to re-impose the Fairness Doctrine, an example of the harmful effects of doing so has played out in the most unlikely of places--the Aspen airport.

For those not familiar with the Fairness Doctrine, it was a Federal Communications Commission policy that required radio and TV stations to, in effect, provide equal time on matters of public importance. A station which did not do so ran the risk of losing its broadcast license, something which Rupert Murdoch once famously compared to having a license to print money.

The Fairness Doctrine was originally intended to encourage a public dialogue on controversial issues by ensuring that both sides of a topic were aired. As a former radio and TV journalist, I can assure you that the opposite was true. Station owners were afraid that their licenses would be yanked if there was the slightest possibility that they could be accused of violating the doctrine; it was far safer to simply avoid controversial matters.

That, and its questionable constitutionality, caused the Reagan-era F.C.C. to repeal the Fairness Doctrine. Within months, Rush Limbaugh's program was nationally syndicated, and radio programming has never been the same. Many industry observers credit Rush with single-handedly saving the AM band, one reason he has achieved cult-like status among broadcasters.

Liberals often seemed perplexed by the success of conservatives in talk radio and the abject failure of liberal talk radio (see Air America, Jim Hightower, Ed Schultz, etc.), another example of how their belief in government regulation blinds them to the way the free market operates. It's the law of supply and demand. Liberals have long had multiple media outlets to turn to: government-supported PBS and NPR, the broadcast networks, the newsweeklies, the *Times* and the *Post*, and the rest of the legacy media.

Conservative talk radio has been successful, i.e. profitable--and liberal talk radio has not--because of the most basic of reasons: it supplied a market demand that was otherwise unmet. Listeners turn to conservative talk shows to meet that need. Listeners mean ratings. Ratings mean advertising revenues.

The success of Rush and other conservative talk radio hosts, and the failure of liberals to achieve similar success, is the underlying motivation behind Democrats' efforts to re-impose the Fairness Doctrine. Among those who have spoken up for the position are <u>Senators John Kerry and Dick</u> Durbin and Representatives John Dingell, Dennis Kucinich, and Louise Slaughter.

According to Accuracy In Media Editor Cliff Kincaid, with Democrats in control of both the White House and Congress, a Democratic-appointed F.C.C. could easily re-impose the Fairness Doctrine. "This may be what is planned," he told the Cybercast News Service.

Their stated goal: to *require* every radio station that airs Rush, or any other conservative host, to air an equal, and similarly day-parted, amount of time for a liberal to espouse their views.

Which brings us back to the Aspen airport. (Not a bad idea with summer temps rising.)

The Pitkin County airport features various celebs reading those ubiquitous airport announcements visitors and reciting various safety-related provisos. (You know, please remove your belt, your shoes, your remaining dignity, etc.) Among those reading the announcements was John McCain. spokeswoman Bingham told the Los Angeles Times, "I was at a party, and he was there," she said. "And I thought, 'Oh, cool a senator.' It had nothing to do with my political feelings."

That was a year ago. Recently, according to Bingham and the *Times*:

"We had one complaint from a guy, who thought maybe it would tip the scale of the election or something."

True, Colorado is considered a likely swing state in the general election. But would McCain's warning that the federal regulations restrict certain items from being carried aboard airplanes sway many votes?

Regardless, said Bingham, "We didn't want to offend anyone." So the McCain recording got mothballed.

She ruefully added: "Had I been forward thinking, I should have gotten Hillary Clinton and Barack Obama to do one. Then it would have been equal time."

In short, the Aspen airport scenario played out on a small scale exactly as re-imposition of the Fairness Doctrine would play out on a national level.

Forced to provide equal time to liberal hosts -- an enterprise that has proved financially inviable time after time -- broadcasters would soon have to increase the advertising rates for conservative programs to compensate for the liberal shows drain in ratings and advertising or to pull the plug on both, silencing some of the most prominent and influential voices on the right.

But then, maybe that's what the Democrats supporting the Fairness Doctrine are really after.

Schumer on Fox: Fairness Doctrine 'fair and balanced'

By Bob Cusack

The Hill, (thehill.com) Posted: 11/04/08 11:30 AM

Sen. Charles Schumer (D-N.Y.) on Tuesday defended the so-called Fairness Doctrine in an interview on Fox News, saying, "I think we should all be fair and balanced, don't you?"

Schumer's comments echo other Democrats' views on reviving the Fairness Doctrine, which would require radio stations to balance conservative hosts with liberal ones

Asked if he is a supporter of telling radio stations what content they should have, Schumer used the fair and balanced line, claiming that critics of the Fairness Doctrine are being inconsistent.

"The very same people who don't want the Fairness Doctrine want the FCC [Federal Communications Commission] to limit pornography on the air. I am for that... But you can't say government hands off in one area to a commercial enterprise but you are allowed to intervene in another. That's not consistent."

In 2007, Senate Majority Whip Dick Durbin (D-III.), a close ally of Democratic presidential nominee Sen. Barack Obama (D-III.) told The Hill, "It's time to reinstitute the Fairness Doctrine. I have this old-fashioned attitude that when Americans hear both sides of the story, they're in a better position to make a decision."

Senate Rules Committee Chairwoman Dianne Feinstein (D-Calif.) last year said, "I believe very strongly that the airwaves are public and people use these airwaves for profit. But there is a responsibility to see that both sides and not just one side of the big public questions of debate of the day are aired and are aired with some modicum of fairness."

Conservatives fear that forcing stations to make equal time for liberal talk radio would cut into profits so significantly that radio executives would opt to scale back on conservative radio programming to avoid escalating costs and interference from the FCC.

They also note that conservative radio shows has been far more successful than liberal ones.

In his Fox interview, Schumer, who heads the Democratic Senatorial Campaign Committee, also weighed in on the election, predicting that Democrats will end up with between 56 and 58 seats in the Senate.

Wikipedia

2008 Presidential Election Finance

- Barack Obama (D) \$638,759,000 / 64,629,649 = \$9.88 per vote
- John McCain (R) \$360,167,823 / 56,888,006 = \$6.33
- Ralph Nader (i) \$3,952,772 / 665,663 = \$5.93
- (money spent/total votes=average spent per vote)

Source: Open Secrets (<u>www.opensecrets.org</u>)

2004 Presidential Election Finance

- George W. Bush (R) \$367,227,801 / 62,040,610 = \$5.92 per vote
- John Kerry (D) \$326,236,288 / 59,028,111 = \$5.52
- Ralph Nader (i) \$4,566,037 / 463,653 = \$9.85
- (money spent/total votes=average spent per vote)

Source: Federal Election Commission

The New York Times (www.nytimes.com) Election Guide 2008 The Ad Wars

Over \$400 million was spent from April 3 to Oct. 27, 2008 to broadcast over 320 ads, according to statistics compiled by Campaign Media Analysis Group, which tracks political advertising expenditures. [CDA Note: 320 separate ads were developed and aired repeatedly on different stations.]

- John McCain: \$119.9 MillionBarack Obama: \$207.4 Million
- (Other candidates spent an additional \$75 million)

Campaign Finance

By SHAN CARTER, GRIFF PALMER AND ARON PILHOFER

As of September 20, 2008

•	Candidate	Funds Raised
•	Obama	\$659.7
•	Clinton	\$249.0
•	McCain	\$238.1
•	Romney	\$113.1
•	Giuliani	\$65.9
-	Edwards	\$62.2

The Internet and the 2008 Election

The Pew Internet and American Life Project, www.pewinternet.org/

6/15/2008 | Report | Aaron Smith Lee Rainie

A record-breaking 46% of Americans have used the internet, email or cell phone text messaging to get news about the campaign, share their views and mobilize others. And Barack Obama's backers have an edge in the online political environment.

Furthermore, three online activities have become especially prominent as the presidential primary campaigns have progressed: First, 35% of Americans say they have watched online political videos--a figure that nearly triples the reading the Pew Internet Project got in the 2004 race.

Second, 10% say they have used social networking sites such as Facebook or MySpace to gather information or become involved. This is particularly popular with younger voters: Two-thirds of internet users under the age of 30 have a social networking profile, and half of these use social networking sites to get or share information about politics or the campaigns.

Third, 6% of Americans have made political contributions online, compared with 2% who did that during the entire 2004 campaign.

A significant number of voters are also using the internet to gain access to campaign events and primary documents. Some 39% of online Americans have used the internet to access "unfiltered" campaign materials, which includes video of candidate debates, speeches and announcements, as well as position papers and speech transcripts.

Online activism using social media has also grown substantially since the first time we probed this issue during the 2006 midterm elections. Among the findings in our survey:

- 11% of Americans have contributed to the political conversation by forwarding or posting someone else's commentary about the race.
- 5% have posted their own original commentary or analysis.
- 6% have gone online to donate money to a candidate or campaign.
- Young voters are helping to define the online political debate; 12% of online 18-29 year olds have posted their own political commentary or writing to an online newsgroup, website or blog.

Led by young voters, Democrats and Obama supporters have taken the lead in their use of online tools for political engagement.

- 74% of wired Obama supporters have gotten political news and information online, compared with 57% of online Clinton supporters.
- In a head-to-head matchup with internet users who support Republican McCain, Obama's backers are more likely to get political news and information online (65% vs. 56%).
- Obama supporters outpace both Clinton and McCain supporters in their usage of online video, social networking sites and other online campaign activities.

Yet despite the growth in the number of people who are politically engaged online, internet users express some ambivalence about the role of the internet in the campaign. On one hand, 28% of wired Americans say that the internet makes them feel more personally connected to the campaign, and 22% say that they would not be as involved in the campaign if not for the internet. At the same time, however, even larger numbers feel that the internet magnifies the most extreme viewpoints and is a source of misinformation for many voters.

Political television advertising to reach \$3 billion

By Mark Preston

CNN Washington Bureau, October 15, 2007

WASHINGTON (CNN) -- A wide-open presidential race and a willingness by candidates, interest groups, unions and corporations to buy TV time will lead to historic spending for political and issue-advocacy advertising in the 2008 election cycle, an analysis shows.

The cost to try to influence the 2008 election could exceed \$3 billion, according to TNS Media Intelligence/Campaign Media Analysis Group, CNN's consultant on political television advertising.

This is nearly twice as much than what was spent in 2004 when political and issue-advocacy television advertising rang in at \$1.7 billion. In 2006, \$2.3 billion was spent on political and issue-advocacy TV commercials.

. . .

On the national level, the cost of issue-advocacy television ad spending was \$270 million in the first nine months of this year. Subjects ranged from the Iraq war to telecommunications reform. Television ads on health care alone total \$60 million.

CMAG estimates more than \$3 million of the \$270 million spent to air issue-advocacy ads this year has gone for commercials in states and districts that are likely to have competitive House and Senate races in 2008.

Tracey said he thinks this is just the beginning of interest groups "pivoting from legislative advocacy mode to political mode."

"What we expect to see between now and the end of the primaries, and through the general election, is groups will take a more aggressive stance on their advertising and actually target candidates," he said.

. . .

Former Massachusetts Gov. Mitt Romney leads all candidates in TV spending, having aired his commercials more than 11,000 times this year at a cost of nearly \$8.6 million. This is a record for the number of airings at this point in a presidential election cycle.

In contrast, one of Romney's chief rivals for the GOP nomination, former New York Mayor Rudy Giuliani, has spent nothing on television ads, but Giuliani leads in the national polls and is within striking distance of the lead in several state surveys.

Giuliani enjoys widespread national name recognition, while Romney does not.

In the race for the Democratic nomination, Illinois Sen. Barack Obama has spent more than \$2.3 million on television commercials, while New York Sen. Hillary Clinton has spent \$1 million less and leads in both national and early state polls.

. . .

"Chances are, just as what happened in 2006, voters will be numb after watching hundred and hundreds of ads," said Stuart Rothenberg, editor of the non-partisan Rothenberg Political Report. "The sheer number of ads probably dilutes their importance. After a while, the ads just become lots of chatter and an ad will have to be really good to cut through the noise."

The Philadelphia Inquirer, Wed, Oct. 22, 2008

Editorial: Campaign Spending

System needs repair

Anyone with a TV can see proof daily that the presidential public-financing system is broken and needs to be fixed.

Democrat Barack Obama spent more than \$3 million last month on TV ads in Pennsylvania, enabling him to run a wide variety of TV commercials seemingly nonstop.

Meanwhile, Republican John McCain spent "only" \$1.2 million in the Keystone State; the Republican National Committee spent an additional \$800,000 on his behalf. The million-dollar gap between Obama and McCain has been noticeable on the airwaves, with the Democrat's ads appearing more frequently.

Obama has a huge advantage in other key states, too. In Indiana, he is outspending McCain 20-to-1. In North Carolina, the Democrat has spent nearly six times as much as the Republican on TV commercials.

This unbalanced playing field was created by Obama, the first major-party nominee to reject public financing in the general election since the system was created in 1974. Democrat Hillary Clinton also would have turned down public money, had she won the nomination. Their party is accustomed to being outspent by the Republicans.

Obama backed out of his earlier pledge to accept public money when it became clear just how much he could raise, helped by the Internet. He was already shattering presidential fund-raising records before he brought in a whopping \$150 million in September. McCain has accepted public financing, allowing him to spend \$84 million for the fall campaign. Of course, that doesn't include what his party is spending.

The New York Times (www.nytimes.com), October 13, 2008, 4:34 pm McCain, the Media, Money, and Montesinos (and Obama Too)

By Stephen J. Dubner

So **Barack Obama** continues to raise <u>millions upon millions of dollars</u>, and if he wins the election a lot of people will certainly attribute his victory, at least in significant part, to this money.

But should they?

We addressed this topic in *Freakonomics*. Our <u>argument</u> was based on <u>a clever piece of research</u> <u>by Steve Levitt</u> (scroll down to "Using Repeat Challengers ...") in which he analyzed legislative races in which two opponents ran against each other more than once. Here's why it was clever:

If Candidate A wins by 20 points and outspends Candidate B by 50 percent, it might be natural to assume that it was the money that made the difference. But how do you really know? It is hard to separate a candidate's natural appeal from the appeal that is created by spending money on organization, ads, etc. So by measuring repeat challengers — i.e., races in which the candidates' natural appeal stayed more or less constant — Levitt was able to isolate the impact of the money.

Here's how we wrote up the results:

[T]he amount of money spent by the candidates *hardly matters at all*. A winning candidate can cut his spending in half and lose only 1 percent of the vote. Meanwhile, a losing candidate who doubles his spending can expect to shift the vote in his favor by only that same 1 percent.

What really matters for a political candidate is *not* how much you spend; what matters is who you are

Now of course you could argue that money can help change voters' views of who a candidate is. Isn't that the purpose of the standard campaign TV ad? (Actually, most of the ads these days seem to want to change voters' views on the *opponent*, but that's just the flip side of the same coin.) And a recent tally of Obama's spending shows that he has spent \$160 million on TV ads, easily dwarfing every other expenditure. Staff salaries, for instance, were \$44 million; campaign events cost \$16 million.

<u>Now comes word</u> that he spent \$21 million on TV in the first week of October alone, and is buying up prime-time network space at the end of October to run a 30-minute infomercial.

As I wrote above, this spending will probably be seen as central to Obama's victory if he wins. But our argument is that money is more a symptom of a winning campaign than a cause.

In other words: it's not that raising a lot of money helps a candidate become more appealing and therefore do better; it's that better candidates raise a lot of money because they are so appealing. Just remember: about a year ago, **Mitt Romney** was loaded and **John McCain** was just about broke. If money is so central to elections, why couldn't Romney put McCain away? And how on earth did McCain end up winning the G.O.P. nomination?

It's also interesting to note that Obama is using the media — well, *buying* the media, in the case of the infomercial — to get his message across, while part of McCain's campaign message is that the media itself is the enemy. The antagonism between the McCain campaign and *The Times* in particular has been operatic. <u>According to Politico.com</u>, the McCain campaign views *The Times* as "a partisan rag." Here's what McCain senior adviser **Steve Schmidt** had to say:

Whatever *The New York Times* once was, it is today not by any standard a journalistic organization ... It is a pro-Obama organization that every day attacks the McCain campaign, attacks Sen. McCain, attacks Gov. **Palin**, and excuses Sen. Obama.

. . .

But this doesn't mean the McCain-Palin campaign has nothing to gain from the "partisan rag" media. McCain and Palin have both made good use of a report in *The Times* exploring the relationship between Obama and onetime domestic terrorist **William Ayres**.

So what is the right way to think about the relationship between money, the media, and campaign outcomes? Is it wise for Obama to spend so much on media? Is it wise for McCain to risk alienation of the media? Would all that money and energy be better spent on something else?

There may be some wisdom to be gleaned from a strange incident in the not-too-distant past in Peru. A few years ago, the economists **John McMillan** and **Pablo Zoido** wrote <u>a fantastically interesting paper</u> about **Vladimiro Montesinos**, who ran the Peruvian secret service under President **Alberto Fujimori**.

Montesinos was extremely corrupt and brazen. Not only did he routinely bribe anyone who could help Fujimori maintain power — more than \$3 million a month went to judges, police officials, opposition politicians, and TV station owners — but Montesinos also kept ledgers of these bribes and even videotaped the transactions. Sadly for him (but good for McMillan and Zoido), Montesinos was busted, and the economists were able to analyze the bribe data.

Of the four main categories of bribe beneficiaries — police, judges, politicians, media owners — whom do you think Montesinos paid off the most?

Here's the answer, as summarized by **Richard Morin** in *The Washington Post*:

It wasn't even close. "One single television channel's bribe was four times larger than the total of the opposition politicians' bribes," [the economists] found. "By revealed preference, the strongest check on the government's power was the news media."

So while Obama may be wasting millions of dollars in general, at least it seems he is wasting them in the right direction. As for McCain: well, it's not too late to start sending out a little something to your friends in the media.

The New York Times, November 4, 2008 The Tally on Independent Spending

By Leslie Wayne

One thing that should end on Wednesday morning is the sound of money being spend on electioneering from independent groups on the right and the left.

And when it does, and someone does the final tally, there are estimates that around \$400 million will have been spent by these outside groups.

The Campaign Finance Institute, a Washington research group that analyzes campaign finance data, has studied all the outside money poured into the Presidential race along with the House and Senate races, and where that money came from.

They found a few interesting trends: More than \$180 million will have been spent by so-called "527 groups," which are named for the section of the Internal Revenue Service code that regulates them. Most of this money was spent by groups that support Democrats. While this is a large sum, it is far less than the \$338 million spent by 527 groups in the 2004 race.

Part of the drop-off in 527 spending is due to the fact that both Presidential candidates discouraged their donors from giving to these groups. The biggest 527 activity this year came from unions like AFSCME and the SEIU. In all, since the presidential race began in January 2007, Democratic-supporting 527 groups spent \$133 million, while Republican ones spent \$49 million, according to the Institute.

While lots of attention goes to the television and radio ads from 527 groups, the Institute found that lots of the money went instead to under-the-radar ground-war efforts - direct mail, phone, email and canvassing. The big player here was America Votes, a 527 that spent \$14 million to coordinate the ground activities of a large number of progressive groups and unions.

Beyond the 527s, the big story among outside groups was the widespread use of nonprofit advocacy groups, called 501(c) groups. I.R.S. regulations require that 527 groups identify their donors, but 501(c) groups can keep their donors' identities secret.

Both conservative groups and business-oriented groups seemed to favor the use of 501(c) groups. The Institute estimates that \$200 million was spent by these nonprofits. Among the big players were the National Rifle Association (\$40 million) and the U.S. Chamber of Commerce (\$12 million).

Many of these groups used money from wealthy Republicans to oppose Barack Obama or the Democratic ticket. Freedom's Watch, founded by the Las Vegas billionaire Sheldon Adelson, spent \$9 million on ads targeting Democrats. American Issues Group, with \$3 million from the Texas billionaire Harold Simmons, aired television ads focusing William Ayres' and Mr. Obama. And Let Freedom Ring spent \$5 million, some from John Templeton, chairman of the John Templeton Foundation.

Not all 501(c) groups were from the right. The roster includes such liberal groups as Planned Parenthood (\$2.7 million), the League of Conservation Voters (\$2.2 million) and Defenders of Wildlife (\$2.7 million).

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