

# The Washington Times

[www.washingtontimes.com](http://www.washingtontimes.com)

---

## TV news: blind to market?

By Richard W. Rahn

Published October 2, 2004

---

If you managed a business and noticed one of your five major competitors had changed its product design and was gaining market share against your firm and other competitors, what would you do?

A decade ago, the world's automobile manufacturers noticed firms with SUVs in their product line were gaining market share. Companies that produced no SUVs quickly added them -- a normal and rational market response.

The major TV news companies -- ABC, CBS, NBC, CNN -- have all been losing market share to Fox News but so far have failed to respond in a rational market way. Recent surveys by the Pew Research Center (and other organizations) clearly show Republicans watch Fox News more than its competitors, and Democrats watch ABC, CBS, NBC and CNN more than Fox News.

Fox News had the most credibility with Republicans, and CNN had the most credibility with Democrats. On average, approximately twice as many Democrats as Republicans rate CBS, ABC, NBC and CNN as credible.

All the above named news organizations are owned by publicly listed major corporations. These corporations' executives are supposed to try to maximize profits to their shareholders. For years, surveys have shown the country has more conservatives than liberals, and there are almost an even number of Republican and Democrat voters. Therefore, does it make economic sense to have four left-leaning (five if you count MSNBC separate from NBC) TV news organizations, and only one right-leaning? One would think normal competitive pressures would lead one or more of the existing left-leaning news organizations to shift to the right to gain market share. It should be easier to obtain a bigger market share by competing for half of the potential market with only one competitor than competing against three or four others for half of the market.

Before the rise of Fox News, all TV news organizations could afford to be liberal since there was no conservative opposition. They could compete on other grounds, such as number of news bureaus or the attractiveness of their on-air personalities. Given that we know stockowners tend be more Republican than Democrat, it is a fair assumption that for at least some of the Democrat-leaning news organizations a majority of their owners are likely Republicans. Thus, it is not unreasonable to conclude these public companies'

managers neither follow profit maximization nor reflect the political wishes of most owners.

I expect this is because if top management at GE (which owns NBC), for example, were to tell the folks who run NBC News, "We want you to shift the news coverage from liberal to conservative (or even neutral)," the NBC news folks would cry press censorship, and this would be echoed by all of their political soul-mates of the left, including the people at CBS and ABC News, as well as the New York Times and The Washington Post. GE's top managers know this and are intimidated.

For decades, the electronic media's leftist journalists have argued Republican media owners are obliged to fund Democrat reporters' opinions -- but, of course, not the other way around.

The family that controls the New York Times are well-known as Democrats with a left-wing agenda, which is reflected in their newspaper. This is fine, because the New York Times' owners have a perfect right to spend their money as they see fit, even if it does not maximize profits. However, the situation is different with GE (and the other major TV media parents), because most of their stockholders are not interested in the company pushing a left-wing agenda but in maximum profits.

At some point, some top executives (or board members) of the companies that own TV news organizations will get the courage to do what they already should have done and say "enough of this left-wing claptrap which is costing us market share and profits." If they fail to do so, they will eventually open themselves up to a stockholder revolt or suit.

Dan Rather likes to sign off his program with the word "courage." Perhaps those in corporate headquarters should take him at his word and get rid of him, rather than to be held hostage to his ego and political agenda as he slowly kills CBS News.

*Richard W. Rahn is a senior fellow of the Discovery Institute and an adjunct scholar of the Cato Institute.*