

Contents

Preface	xi
1. Introduction	1
Basic Economics of Broadcast Television	3
Players in the Industry	5
Regulatory Reform	16
The Notion of a Public Good	23
Summary	24
2. The Supply of Programming	26
Windowing	26
Competition among Producers	38
Foreign Markets	49
The Competitiveness of Program Supply	52
Summary	61
3. Traditional Models of Program Choice	64
Steiner Models	65
The Beebe Model	70
Pay Television	92
Summary	99
4. Modern Models of Program Choice	101
Demand Analysis	101
Welfare Analysis	106
The Spence-Owen Model	107
The Wildman-Owen Model	124
Multichannel Programming	131
New Directions in Program Choice	135
Summary	148
5. Network Economics	151
Network Basics	153

Television News	172
Regulation	178
Risk Bearing	180
The New Cable Networks	196
The Decline of the Broadcast Networks	196
The Future of the Broadcast Networks	200
Strategic Options	201
Summary	206
6. Cable Television	211
Cable and the FCC	213
New Program Services	217
Bundling of Transmission and Content	218
Natural Monopoly and Local Market Power	222
The Effective Competition Standard	224
No Case for Reregulation	227
Price Elasticity of Cable Demand	230
Competition from New Entrants	233
Too Few Gatekeepers?	235
The Issue of Access	236
Monopsony Power	240
Vertical Integration	245
Regulatory Policy	250
Local Broadcasters and Cable	254
Telephone Companies and Cable	255
Summary	257
7. Advanced Television	260
Terminology	262
Brief History	263
The Economics of Standard Setting	265
Television Standards	276
Network Externalities	287
Obstacles to ATV Adoption	291
NTSC-ATV Compatibility	294

The Importance of Compatibility	297
Adoption Scenarios	300
Policy Issues	306
Summary	311
Bibliography	315
Notes	329
Index	353