



Media Minutes

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TRANSCRIPT

Comcast + NBC = A Big Media Empire

A new mega-media merger is on the horizon. Comcast is reportedly close to finalizing a deal with General Electric to purchase a controlling stake in NBC Universal. The rumored deal has sparked a mix of curiosity and concern from public interest organizations and regulators about such a deal's impact on consumers and independent voices in the media.

Comcast is the biggest cable company and second-largest Internet provider in the nation, and owns several major cable networks, including E Entertainment and Versus. NBC Universal is a content giant, whose holdings include its namesake broadcast network, NBC News, NBC Sports, MSNBC, CNBC, Bravo, Telemundo, USA Network and the Weather Channel. They also own movie studios – including Universal Pictures – and multiple local broadcast stations.

This merger would be bad news for consumers, explains Andrew Jay Schwartzman, president of Media Access Project, a public interest law firm focused on communications.

Andy Schwartzman: *If this transaction is approved, members of the public will have less choice in video programming, they will probably wind up paying more for their video service, and they may have less opportunity to get video programming over the Internet for free.*

The merger discussions come at a time when the future of online video is largely uncertain. Cable companies fear they will lose customers as more video content becomes available online, and they are hatching plans to charge for content or limit access to online video to cable subscribers.

Andy Schwartzman: *A Comcast/NBC merger would have very important implications for how the Internet technologies are treated under mass media law. In particular, NBC is a major partner in Hulu. Comcast wants to sell services like that. And it may well be that by buying NBC, Comcast would cripple free services like Hulu from ever coming to market.*

If the deal is completed, Comcast's expansive cable system – which already reaches 39 states – would be combined with the 33 local TV stations owned by NBC. The Federal Communications Commission used to have rules that prevented cable companies from owning a broadcast outlet in the same market.

Those rules were abandoned by the FCC in 2004. But a Comcast/NBC merger still would likely require approval by the FCC, the Department of Justice or Federal Trade Commission. Schwartzman explains that as the first major merger to go before the Obama administration, it will be watched closely.

Andy Schwartzman: *Consolidation tends to come in waves. So if Comcast buys NBC, other competitors could look around and say “well, we better get ourselves a movie studio, too.”*

You can find the Media Access Project online at www.mediaaccess.org.

FCC Opens Media Ownership Proceedings to Public

Every four years, the Federal Communications Commission is required to review its media ownership rules to determine if any changes are necessary in light of the changing media landscape.

In years past, the FCC has tried to dismantle longstanding limits on newspaper/broadcast cross-ownership and the number of stations one company can own in a single market. These moves have been met with strong opposition from the courts, Congress and, especially, the public.

This time around, the FCC has jump started its 2010 review process by inviting three separate groups — scholars, public interest groups and broadcasters — to help the commission take a new approach to researching and shaping media ownership rules.

At the outset of the 2nd workshop, FCC Commissioner Michael Copps chastised the media for its poor coverage of the scholars' panel and other media ownership events at the FCC.

Michael Copps: *Unfortunately, the event was poorly covered by the media, did not get the coverage that it merited. This is not the first time that this has happened with this important issue, but it was disappointing just the same, and I don't see the press gallery is exactly teeming with reporters today either.*

Copps didn't mince his words in placing much of the blame for the current state of corporate media on his own agency.

Michael Copps: *Twenty-plus years of heedless deregulation eviscerated almost every public interest guideline we had. Media companies took advantage of that. Don't blame them, blame us.*

At the public interest workshop, panelists agreed that one of the most important tasks for the commission is to get good data on which it will base its policy decisions.

S. Derek Turner of Free Press cautioned against shoddy data gathering. He cited how a study commissioned by the FCC on news content ended up coding stories about the Iraq war as pro-Democratic Party stories, when they were simply reporting facts about the war. Turner called for the FCC to use tougher standards.

S. Derek Turner: *I urge you just to focus on the things that we think there is enough theory to support the outcomes we're trying to achieve, which is maximizing the number of voices in a market and minimizing the concentration of audience shares within the voices in the market.*

The workshop videos are archived at fcc.gov/live.