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Franken Bullies Comcast, NBC on Merger: 'I Don't Trust These Promises'

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After hearing the wit and wisdom of Sen. Al Franken, D-Minn., one has to wonder how modern media corporations could stay in business without the expertise and guidance of those elected to the U.S. Senate.

Sarcasm aside, Franken did admit during a Feb. 4 hearing [1] he didn't necessarily have legal expertise to address the Comcast-NBC Universal merger, but he could more than make up for that shortcoming through his experience in show business. Franken, a member of the Senate Judiciary Committee's Antitrust Subcommittee, explained he was bothered by the merger.

"As some of you may know, I'm on the Judiciary Committee, I'm not a lawyer," Franken said. "But I used to be in show business. In fact, I worked for years for NBC and I really feel that I owe a lot to NBC. But what I know from my previous career has given me reason to be concerned - and let me phrase that, very concerned about the potential merger of Comcast and NBC Universal."

Franken stated the importance of the media to society and claimed the concept of this type of merger gave him "reason to be nervous."

"Let me start with some pretty basic - it matters who runs our media companies," Franken said. "The media are our source of entertainment. They're also the way we get our information about the world. So when the same company that produces the programs runs the pipes that bring us those programs, we have a reason to be nervous."

Franken expressed his concerns over the relaxation of Financial Interest and Syndication Rules, also known as "Fin-Syn," in the 1990s as a reason he has a general distrust of large media companies. According to the former cast member and writer for NBC's "Saturday Night Live," "gutting" those regulations allowed media companies to own their programming and lock independent producers of content out.

"Today, if an independent producers wants to get its show on NBC's schedule or any network's schedule, it is routine practice and you guys know it, for the network to demand at least part ownership of the show,"

Franken said. "It'll affect your placement on the schedule, whether you're on the schedule or not and where on the schedule you are. And that's just a fact."

Franken's ultimate judgment based on the fin-syn deregulation results - a lack of trust in NBC Universal and Comcast to follow through with commitments made if merger is allowed to go through.

"So while I commend NBC-U and Comcast for making voluntary commitments as part of this merger, you'll have to excuse me if I don't trust these promises," Franken said. "And that's from experience in this business."

Franken pointed to the end of Fin-Syn as the reason studio companies and companies that held interests in studios to see the necessity of owning a TV network.

"Now to make matters worse, after Fin-Syn was rescinded, studios started buying up networks," Franken said. "It opened the way for the studios to buy the networks. Disney bought ABC. Viacom, which owns Paramount, bought CBS. And I'm worried that this merger could set off another round of media consolidation."

And if conditions were relaxed to allow for the successful merger of Comcast and NBC Universal, Franken warned it could mean the possibility of large cellular phone network providers to be forced to own networks, and therefore cause cable rates to increase.

"The next thing we know - AT&T, Verizon may decide that they have to buy a Hollywood studio and a network in order to compete," Franken said. "And that would hurt the ability of Minnesotans and people around the country to get access to important information and it'll make their cable bills go up."

Despite Franken's dire warning and need to cast aspersions on deregulation of media companies, the Cato Institute pointed out there were many benefits [2] in the wake of the 1993 move by the Federal Communications Commission (FCC).

"The result was a great deregulatory success story," Adam Thierer wrote for Cato. "In the wake of decontrol, media operators were free to structure new business arrangements and alliances to finance increasingly expensive new programs, as well as entirely new networks and cable stations. (The UPN and WB television networks largely owe their existence to the repeal of Fin-Syn.) Also, by eliminating Fin-Syn and allowing greater integration of programming and distribution, content providers were able ensure that their shows were given wider distribution on not only network television but cable channels as well."

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