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Should Consumers Fear the Comcast Deal?

By THE EDITORS

Bradley C. Bower/Bloomberg After a merger, Comcast's headquarters would remain in Philadelphia, and NBC's would stay in New York.

Comcast Corporation's acquisition of NBC Universal could reshape the entertainment industry, producing a vertically integrated giant that would control a huge portfolio of content as well as the pipe that delivers the content.

Comcast has called the merger, which the Obama administration will have to approve, "pro-competitive, pro-consumer and strongly in the public interest," and has said it is committed to free over-the-air TV and local programming.

Should consumers be worried? Should federal regulators allow the merger or block it? Or allow it with tight conditions on what Comcast can do?

- Andrew Jay Schwartzman, Media Access Foundation
- Adam Thierer, The Progress and Freedom Foundation
- Gigi B. Sohn, Public Knowledge
- Jim Harper, Cato Institute

A Threat to the Public Interest

***Andrew Jay Schwartzman** is the president of Media Access Project, a nonprofit public interest telecommunications law firm, which promotes public access to electronic mass media. Mr. Schwartzman teaches communications law and policy at Johns Hopkins University.*

I am not exaggerating when I say that Comcast's proposed acquisition of NBC Universal poses a genuine threat to free expression and diversity of speech in our democratic society.

> The combination of Internet and video distribution may well strangle new forms of Internet video services.

I believe that the sale should not be permitted. The deal is the first attempt at vertical integration of content and delivery in the broadband era. It presents antitrust and communications regulators with the challenge of addressing whether any one company should be allowed to hold dominant positions in both video and Internet delivery.

There is no doubt that approval of this transaction should require crafting a series of significant regulatory conditions. Among many other things, the F.C.C. could require Comcast to make its content available on reasonable terms to other cable, satellite and internet competitors. But even with such requirements, the deal might still be contrary to the public interest.

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Give the Merger a Chance

***Adam Thierer** is the president of the Progress and Freedom Foundation and the co-author, with Brian Anderson, of "A Manifesto for Media Freedom."*

If we were to believe the predictions of some critics, a veritable media apocalypse awaits if the Obama administration allows the pending marriage of Comcast and NBC Universal to go forward.

But it's the same Chicken Little script we've heard before. When AOL and Time Warner announced their mega-merger in 2000, critics forecast "servitude," "ministries of propaganda," and "new totalitarianisms."

Similarly, when Rupert Murdoch and News Corp. looked to acquire DirecTV in 2003, Jeff Chester of the Center for Digital Democracy warned that Murdoch would use this "Digital Death Star" as the base for his nefarious plans for mass media domination. The recent merger of Sirius and XM also attracted plenty of hysteria and resulted in a record-setting 500-plus day merger approval and an unprecedented list of mandatory concessions to critics.

> Potential benefits: more local news, expanded entertainment offerings and new digital distribution platforms.

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Make Comcast Share Content

***Gigi B. Sohn**, president and co-founder of Public Knowledge, a consumer advocacy group.*

Consumers have every right to expect that a big merger like Comcast-NBC Universal will produce some benefits — more choice in programming, some lower prices — to justify regulatory approval of this marriage of the country's largest cable T.V. and Internet service provider (which also owns cable channels, entertainment Web sites, regional sports networks and sports teams) with a company that owns a T.V. network, movie studio and its own collection of cable channels.

But the great danger is that just the opposite will happen — less choice in programming and higher prices, particularly in the online world. With all that programming under its control, Comcast will have every incentive to take its shows off of the Internet and force consumers to buy a cable subscription to get online access to that programming. Want to watch reruns of "30 Rock?" Buy a Comcast subscription.

> Want to watch reruns of "30 Rock" online? You may have to pay Comcast.

Not only will it cost you money, but there would little competition. Right now, the law requires cable programmers to share their programs with satellite companies like DirecTV or Dish.

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Nothing to Worry About

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Would Comcast-NBC raise prices for some consumers and advertisers? It might, for a little while. But there is endless alternative content consumers can switch to, and endless places for advertisers to reach consumers through the Internet. Under these competitive conditions, prices can't stay high for very long.

We've seen this before, of course. Nearly a decade ago, the AOL-Time Warner combination was fraught with similar peril. A vertically integrated content and distribution network threatened not just to raise costs, it was also a step toward media oligarchy, threatening the information core of our fragile democracy.

If AOL-Time Warner is an example, Comcast has more to worry about than consumers do.

Except that it wasn't. Content and distribution are two very different businesses, and a Reuters report last month called AOL-Time Warner "one of the most disastrous corporate mergers in history." This week, AOL will begin trading separately on the New York Stock Exchange again.

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