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U.S. House of Representatives
SUBCOMMITTEE ON
TELECOMMUNICATIONS AND FINANCE
OF THE
COMMITTEE ON ENERGY AND COMMERCE
WASHINGTON, DC 20515-6119

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- FOR IMMEDIATE ATTENTION -

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U.S. House of Representatives
Subcommittee on Telecommunications and Finance
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NEWS RELEASE

FOR IMMEDIATE RELEASE
OCTOBER 13, 1993

CONTACT: GERRY WALDRON
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**MARKEY INTENDS TO HOLD HEARINGS ON MEDIA
CONCENTRATION; ASKS FCC TO INITIATE INQUIRY**

**STATEMENT OF EDWARD J. MARKEY (D-MA), CHAIRMAN OF THE HOUSE
TELECOMMUNICATIONS AND FINANCE SUBCOMMITTEE, ON THE OCCASION OF THE
BELL ATLANTIC-TCI MERGER**

WASHINGTON, D.C. -- Rep. Edward J. Markey announced today that he will hold hearings on the issue of media concentration and its impact on consumers and competition. In addition, Markey today sent a letter to James Quello, acting Chairman of the Federal Communications Commission (FCC), asking the FCC to "initiate a formal Inquiry...to assess the potential technological and market bottlenecks created by mergers, acquisitions, and alliances among cable, telephone, and computer companies."

"Only through competition between the cable and telephone industries can we hope to bring to consumers lower prices and greater choice," said Markey. "Cozy Cooperation in the marketplace must not supplant the goal of increased competition," Markey added.

Markey said he was also concerned about increased power in fewer hands in the communications industry.

"Taken to its extreme," he continued, "we could end up with an information aristocracy which runs contrary to our tradition of diversity and a multitude of media voices. Unless there is true competition, all voices in a community could be forced to go through a single master to be heard."

Markey's letter to the FCC makes it clear that the Inquiry he is seeking should look broadly at the potential for anti-competitive bottlenecks made possible by new corporate combinations across old technological boundaries.

EDWARD J. MARKEY, MASSACHUSETTS, CHAIRMAN

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SUBCOMMITTEE ON TELECOMMUNICATIONS AND FINANCE

Washington, DC 20515-6119

DAVID M. MOULTON
 CHIEF COUNSEL AND STAFF DIRECTOR

October 13, 1993

The Honorable James H. Quello
 Acting Chairman
 Federal Communications Commission
 1919 M Street, N.W.
 Washington, D.C. 20554

Dear Chairman Quello:

Recent events have made it clear that the convergence of communications and computer technologies is changing the face of the video, computer, and telecommunications industries. I am writing to ask the Commission to initiate a formal inquiry into the future of this marketplace and to assess the potential technological and market bottlenecks that could be created by mergers, acquisitions, and alliances between and among cable, telephone, and computer companies.

As you know, I have a longstanding interest in these issues. Last year's Cable Television Consumer Protection and Competition Act of 1992 included a provision which required the Commission to study horizontal and vertical integration in the cable industry. In February, I urged the Commission to reassess current policy toward cable and telephone company ownership rules in light of advances in technology and given pending court challenges to cross-ownership restrictions. And in the wake of several announced or reported deals between cable and computer companies, I urged the Commission in July to take aggressive steps to keep the emerging video gateway open and accessible to all providers of equipment and services.

The announcement today that Bell Atlantic will combine forces with Tele-Communications, Inc. (TCI) is just the latest tremor signalling the shifting nature of the communications marketplace. Just since the beginning of this year, the following deals have been made or contemplated:

- * AT&T's purchase of McCaw Cellular, the nation's largest cellular telephone company;
- * U S West's investment of \$2.5 billion in Time-Warner;
- * Viacom's bid to purchase Paramount and the counterbid by QVC and TCI;

The Honorable James H. Quello
October 13, 1993
Page 2

* Viacom's announcement that NYNEX and Blockbuster Entertainment had joined their Paramount bid;

* The decision by TCI and Liberty Media to re-merge into a single cable distribution and programming company.

* A reported deal between Microsoft and the nation's two largest cable companies, TCI and Time-Warner, to develop a television software system;

* TCI's agreement with General Instrument (nation's leading cable television "set-top box" maker) to license exclusively the encryption and compression technology for Ku-band satellite transmission;

* TCI's agreement with Intel (the nation's largest computer chip maker), and General Instrument to create a cable box with a built-in computer.

These and other deals underscore the need for the Commission to monitor carefully developments in the new multi media marketplace. When conducting its Inquiry, I would urge the Commission to address the following questions:

1. Will any of these mergers, acquisitions, or alliances yield an organization or alliance that controls sufficient market dominance to choke competition and stunt innovation in any area of the new video marketplace?

2. How will the merging of regional Bell Operating Companies and cable companies affect competition in the current video market and in the future broad communications market?

3. In light of the recent Bell Atlantic court decision regarding ownership of cable systems, should there be continued restrictions on telephone companies owning or operation cable systems with their service territory?

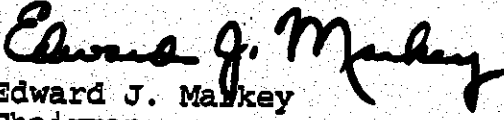
4. Should the government take additional steps to ensure open systems in the communications marketplace, paying particular attention to potential bottlenecks in video software and set-top boxes and in encryption and compression technologies for satellite distribution of video programming?

5. Given recent market developments, are the vertical and horizontal limits recently adopted by the Commission on concentration in the cable industry adequate to protect consumers and/or competitors?

The Honorable James Quello
October 13, 1993
Page 3

As I have stated before, I believe open systems are the best way to promote economic growth and to guarantee access for everyone to our nation's digital highways from large corporations to the small entrepreneurial companies bringing new services and equipment to the market place. I would urge the Commission to act quickly to ensure that the emerging marketplace remain open and accessible to all and that some of the deals now being made or contemplated do not result in either closed systems or anti-competitive practices.

Sincerely,


Edward J. Markey
Chairman

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908 545 5101