



Kriss Worthington

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CONSENT CALENDAR

July 13, 2010

To: Honorable Mayor and Members of the City Council
 From: Councilmember Kriss Worthington
 Subject: Opposing the Proposed Comcast-NBC Universal Merger

RECOMMENDATION

Send a letter to the Federal Communications Commission (FCC) and Justice Department Anti-trust Division urging opposition to the proposed Comcast-NBC merger.

BACKGROUND

NBC Universal is a major national media, news, and entertainment conglomerate. Comcast Corporation is the largest home service provider of internet, telephone, and cable services. Since late 2009, NBC reported plans to initiate a corporate spin off into a separate business that would merge with Comcast. The \$30 billion deal would have Comcast control 51% of the new NBC Company, while GE would maintain 49%.

Such a merger would potentially create a monopoly in the media entertainment industry, with unlimited control over its rates for its services. In addition to its potential impact on consumers, Comcast has had a record of problems with labor unions and worker rights.

Sending a letter to the Federal Communications Commission and Justice Department, which are the head government agencies with jurisdiction and review on this proposed merger, asking for opposition to the merger would provide the Council with the opportunity to emphasize how such a merger would ultimately hurt workers, consumers, and potential business competition in the entertainment marketplace.

FINANCIAL IMPLICATIONS

Minimal.

CONTACT PERSON

Councilmember Kriss Worthington 510-981-7170
 Dana Cruz 510-981-7170

Attachments:

1. Letter to send to the FCC Chairman and Justice Dept Anti-Trust Division urging greater scrutiny and opposition to merger

Dear Mr. Julius Genachowski / Christine Varney

On behalf of the City of Berkeley, the City Council is writing to inform you of our strong opposition to the proposed Comcast-NBC Universal merger.

We are very concerned about the proposed merger between because we believe such a transaction is not good for America. It will create a media goliath that will dominate what Americans view on television, cable, and over the Internet. Our democracy needs more media diversity, not less.

A Comcast-NBC combination will also lead to the loss of good jobs. Comcast/NBC debt will increase by approximately \$8 billion after this transaction. To pay for the debt, the company has two choices: cut jobs or raise cable prices. Either way, consumers and workers lose.

We are also concerned about Comcast's track record on labor issues. Comcast has a long history of aggressive action to eliminate worker organization at companies that it acquires. Where workers try to form a union, Comcast has fired and retaliated against union supporters.

There is already too little competition in the video marketplace. Cable rates are escalating at three times the rate of inflation. A Comcast/NBC combination would have added incentive and ability to engage in anti-competitive practices that would increase cable rates.

After the merger, Comcast will own NBC's premier programming. It will have the ability to bundle its less desirable cable channels with must-have NBC programming. This forced bundling will raise other video providers' costs, which translates into higher cable rates.

We urge the FCC carefully to scrutinize this transaction and to ensure that it does not reduce video competition, consumer choice and jobs.

Thank you for your time and consideration.

Sincerely,

Berkeley City Council