

Statement of  
**The Honorable Herb Kohl**

United States Senator  
Wisconsin  
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Mr. Chairman, thank you for holding this hearing today. We are at a pivotal time for competition in the video industry. The decades-long control by local cable monopolies is may finally be shaken by the promised entry of the giant telephone companies into video. But whether we are about to witness the birth of a new world of expanded choices for consumers will depend to a large extent on the policies adopted in the months ahead.

So today's hearing will address several topics crucial to the development of a truly competitive video market. First, what will be the impact for consumers of the acquisition of Adelphia by the nation's two largest cable competitors? Second, what are the policies we can adopt to ensure that important new competitors in the video market such as the phone companies are given a fair shot to compete? And, third, how can we assure that independent voices have room to be heard in today's media world?

We continue to witness increased consolidation in the industry. The latest deal is the purchase of Adelphia by Comcast and Time Warner. Once the acquisition is complete, Comcast and Time Warner intend to swap local cable systems to significantly expand their regional presence. This clustering will lead to very high market shares in several regions of the nation - as high as 70% -- from the East Coast to California. Such clustering greatly increases the ability of the local cable franchise to gain exclusive rights to must-have programming -- effectively freezing out competitors.

Increasing concentration also makes it much more difficult for independent programmers like our witness from the America's Channel to obtain carriage. Our democracy depends on the ability of independent voices to be heard. We should be deeply concerned when only programmers affiliated with cable companies or the broadcast networks seem to get carried on the cable giants.

But there is one significant piece of good news - the entry by the regional Bell companies into the video market. By challenging the cable monopoly, the efforts by companies like SBC and Verizon creates the exciting prospect of a real new competitive choice for millions of consumers. But we must ensure that undue roadblocks to the entry of the phone companies into video are removed.

Therefore, government should consider the following actions -

First, a careful review of the Adelphia deal by the Federal Trade Commission and FCC to ensure that it does not lead to excessive market concentration in local geographic markets. Central to

this review should be a serious consideration of conditions to ensure that competitors have access to programming that consumers demand, as was done in NewsCorp/DIRECTV;

Second, closing loopholes in the program access law to ensure that competitors have access to essential programming owned by the cable incumbents; and

Third, revising the existing rules so that independent programmers have a fair shot at getting carried.

These and other similar ideas should be on the agenda as Congress looks to re-write the landmark Telecom Act of 1996. These measures will help assure that consumers see the benefits of increased choice by giving new entrants the breathing room to compete.

Thank you, Mr. Chairman.