



FRONTIERS OF FREEDOM

12011 LEE JACKSON MEM. HWY. • SUITE 310 • FAIRFAX, VIRGINIA 22033
Phone (703) 246-0110 • (888) 8-RIGHTS • Fax (703) 246-0129 • www.ff.org

*U.S. Senator Malcolm Wallop (ret.)
Chairman*

GEORGE LANDRITH
PRESIDENT

January 10, 2002

The Honorable Michael K. Powell
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Dear Chairman Powell:

With free enterprise under fire and losing ground in many areas of the communications industry, we should be grateful for the proposed merger of EchoStar and DirecTV.

The separate efforts of these two satellite TV companies have brought competitive choice to a pay-TV sector that otherwise would be a series of cable monopoly fiefdoms. Their success in gaining a beachhead of 17 percent market share against the cable companies' 80 percent underscores the reality that the best hope for widespread competition in communications lies with competition across technologies, more than between companies.

Operating as one merged company, EchoStar and DirecTV could turn up the heat of competition by making consumers a better offer. Their combined broadcast spectrum and financial assets would enable them to carry local stations in more than double the number of markets each one of them carries those stations in today. This would eliminate a major obstacle to satellite's ability to make a competitive offer to cable customers.

But this merger would encourage and promote competition well beyond programming choices. The merged EchoStar/DirecTV would deliver high-speed Internet access and other broadband services via satellite nationwide, in direct competition with cable and the regional Bell companies. In rural states like Wyoming, which I represented in the U.S. Senate for 17 years, broadband service delivered over satellite at one national price would be an affordable economic lifeline into the digital future.

If public interest were the only real test for this merger, approval would be assured. But as you well know, it will have to stand the test of self-interested parties who will seek to kill it or saddle it with enough unreasonable conditions to negate its huge competitive benefits.

I urge you to stand up for this free enterprise initiative in a market that so clearly needs it, and give this merger the approval it so clearly deserves.

Sincerely,