

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

<i>In re the Consolidated Application of</i>)	
)	
EchoStar Communications Corporation,)	
General Motors Corporation,)	
Hughes Electronics Corporation,)	
)	
Transferors,)	
)	
and)	CS Docket No. 01-348
)	
EchoStar Communications Corporation,)	
)	
Transferee,)	
)	
For Authority to Transfer Control)	
_____)	

**COMMENTS OF THE
NATIONAL FARMERS UNION**

I. INTRODUCTION

The National Farmers Union (NFU), incorporated as the Farmers Educational and Cooperative Union of America, opposes consolidation of direct broadcast satellite (DBS) companies through the proposed merger of Hughes Electronics Corporation and EchoStar Communications Corporation.

NFU, marking the 100th anniversary of its formation in 2002, represents nearly 300,000 family farmers and ranchers nationwide. It serves its members by promoting the formation of cooperative businesses, providing education, and advocating positions to support farmers, ranchers, and rural communities before Congress and other governmental agencies. NFU's core belief is that successful family farmers and ranchers

lead to healthy rural communities, and, in turn, that strong rural communities are vital to the growth of the overall U.S. economy.

On many occasions, NFU representatives have appeared in Congressional hearings and before federal agencies to promote the concept of fair competition and to warn about the danger arising from horizontal and vertical integration of firms essential to family farmers and ranchers. There has been considerable consolidation recently among meat packers, poultry processors, feed and seed companies, dairy producers, and other major entities. Large companies now control vast segments of the production and sale of agricultural commodities. Their anticompetitive practices harm farmers, ranchers, and consumers.

In the proposed merger of EchoStar and Hughes, we see a similar threat. The proposed merger would join the parent companies of the two dominant DBS service providers – DIRECTV and the DISH Network. If the FCC approves the merger, the family farmers and ranchers and other rural residents that rely on DBS for their television service will bear the burden of higher costs and inferior service from a monopoly provider.

II. WHERE THERE ARE NOW TWO DBS CARRIERS COMPETING FOR RURAL VIEWERS, THERE WILL BE ONE CARRIER DICTATING ALL PROGRAMMING AND PRICING DECISIONS

If the FCC approves the joining of DIRECTV and DISH, a single carrier would control the television programming to more than 16 million households.¹ The new company would become the largest pay TV service in the United States.

¹ *Eighth Annual Report*, CS Docket Number 99-230, FCC 01-129 (January 14, 2002).

DIRECTV and DISH are the only two choices available today for many farm and ranch residents who wish to enjoy the same wide range of television programming that other Americans in more populated communities can get from cable TV providers. If the pricing and range of channels on DIRECTV does not satisfy a farm family today, they have the option of ordering DISH. That choice will not exist if the FCC approves the proposed merger.

We believe it is no coincidence that TV viewers in states with large landmasses and low populations choose to subscribe to either DIRECTV or DISH in larger numbers than viewers in more populated states. Nationwide, satellite TV now reaches 18 percent of TV households. In Montana, however, 38.86 percent of households subscribe to satellite TV.² In Wyoming, 34.23 percent of households are satellite TV subscribers, and the numbers are 29.26 percent in Idaho and 28.34 percent in North Dakota.³ Our experience tells us that many of those subscribers are farm and ranch families that do not have access to cable TV.

A single DBS carrier would have the incentive to raise the rates it charges farm subscribers, and would not have any incentive to provide rural families the same level of service they provide to urban areas. In their application to the FCC, EchoStar and Hughes say that the proposed merger will mean significant benefits for rural consumers.⁴ The two companies say they will offer the same price to rural households that they charge to urban households, and that they will be able to use resources they currently duplicate to improve their services.

² Second quarter 2001 estimate posted on the Satellite Broadcasting & Communications Association's Web site, <http://www.sbca.com/mediaguide/factsfigures.htm> (visited January 26, 2002).

³ Id.

We have never received better service from a monopoly provider than from a competitive system. We are extremely concerned that if a single DBS service provider wins FCC approval it will forget all the earlier promises.

III. HIGH-SPEED INTERNET IS INCREASINGLY IMPORTANT TO FARM AND RANCH FAMILIES, AND SHOULD NOT BE PROVIDED BY A SINGLE DBS COMPANY

Just as cable TV is unavailable to many farms and ranches, many rural areas cannot order high-speed Internet services from cable companies. A large number of farmers subscribe to the Internet using normal phone connections, but often cannot use the higher-speed form of telephone Internet connections known as Digital Subscriber Line. Again, service from DBS companies is the only choice for many farmers and ranchers, and a satellite monopoly would have little incentive to provide high-quality service. At present, there are two high-speed satellite Internet services – DirecWay and StarBand. If EchoStar and Hughes merge as proposed, a single entity will control both DirecWay and StarBand.

Many farmers rely on access to the Internet. According to recent research by the U.S. Department of Agriculture (“USDA”), 43 percent of farm businesses use the Internet, which is higher than the general population’s user rate and close to the 47 percent usage rate of small manufacturing companies nationwide.⁵ Eighty-two percent of farmers and ranchers who have Internet service track commodity prices on the Web.⁶ Farmers and ranchers also use the Internet to access specialized agriculture information

⁴ *Application of EchoStar Communications Corporation, General Motors Corporation, and Hughes Electronics Corporation Seek FCC Consent for a Proposed Transfer of Control*, filed December 3, 2001.

⁵ Jeff Hopkins and Mitch Morehart, “Farms, the Internet & E-Commerce: Adoption & Implications,” *Agricultural Outlook*, published by the U.S. Department of Agriculture, November 2001, p. 19.

services (56 percent), communicate with other farmers (31 percent), and consult with crop advisors (28 percent).⁷

The Internet is a necessary tool for farmers and ranchers, who will be at an economic and competitive disadvantage if unable to use the same high-speed Internet connections that are available to other small businesses around the country. Rural America must have a choice of high-speed Internet providers.

IV. CONCLUSION

The USDA recently revised its U.S. farm net income forecast for 2002 from \$49.3 billion to \$40.6 billion. The slowdown in the U.S. economy coupled with commodity prices that fail to meet the cost of production have hit rural communities hard. Consolidation in key agricultural businesses has resulted in higher input costs and lower commodity prices paid to farmers. NFU asks the FCC to prevent the consolidation of satellite companies, which directly affects rural America and threatens to compound the problem in our rural communities.

Respectfully submitted,

NATIONAL FARMERS UNION



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⁶ Id., at p. 17.

⁷ Id.