



# TELECOMMUNICATIONS

## SNAP UPdate<sup>SM</sup>

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### **SPECIAL ALERT ELECTION EDITION:** **MEDIA OWNERSHIP – WHERE DO OBAMA AND MCCAIN STAND?**

A study conducted in March and April 2008 by Pike & Fischer was released this week. The study surveyed 280 communications executives, engineers, and consultants in the cable, satellite, and technology industries asking about what they thought of the positions of each of the presidential candidates in relation to the communications industry and showed that 50.5% of communications executives are either "unfamiliar or unhappy with the telecommunications policies" of both presidential candidates.

Additionally, 40% of the respondents said that they do not even know what the candidates' policies are. The survey showed that the industry professionals are "wary about the ability of any of the presidential candidates to develop sound policies on such issues as broadband availability and media ownership." However, even though industry

executives and professionals may be unfamiliar with the respective views of Senators Obama (D-IL) and McCain (R-AZ) on important industry issues, in fact, both candidates have taken strong positions on major issues such as media ownership, net neutrality, intellectual property protection, and patent system reform.

Senator Obama is strongly opposed to media consolidation according to a statement published on the Senator's website, he "believes that the nation's rules ensuring diversity of media ownership are critical to the public interest." Obama adds he is also does not support the consolidation that has already occurred in media ownership with the FCC's approval, but instead, favors diversity with regard to content and ownership. According the a information obtained from the candidate's website:

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“Barack Obama believes that providing opportunities for minority-owned businesses to own radio and television stations is fundamental to creating the diverse media environment that federal law requires and the country deserves and demands. As president, he will encourage diversity in the ownership of broadcast media, promote the development of new media outlets for expression of diverse viewpoints, and clarify the public interest obligations of broadcasters who occupy the nation's spectrum. An Obama presidency will promote greater coverage of local issues and better responsiveness by broadcasters to the communities they serve.”

Senator Obama also wants to encourage research and development and build a stronger technological infrastructure. He intends to make the R&D Tax Credit Permanent "so that firms can rely on it when making decisions to invest in domestic R&D over multi-year timeframes." This tax credit could prove to be a significant benefit to large and small communications companies desiring to invest in new technology or infrastructure throughout the United States.

On the other hand, Senator McCain favors deregulation of media and communication ownership primarily to encourage competition. Pia Pialorsi, McCain's spokeswoman, in a 2002 statement, declared, "[Senator McCain] advocates a deregulatory environment that he believes will best support the growth of competitive markets and benefit consumers." McCain was one of only five senators--and the only Republican--to vote against the Telecommunications Act of 1996.

According to a New York Times article published in 2002, it was this Act that "helped begin a process of relaxing many telephone industry regulations and easing the Bells' way into the long-distance market." Senator McCain voted against the Act because, according to remarks from the Senator, the Act did not take deregulation far enough and its passage would lead to prolonged litigation.

However, in February 2008 it was reported that McCain had written a letter in 1998 to the chairman of the FCC stating that he would try to overhaul the agency if it closed a broadcast ownership loophole the effectively allowed single ownership of two television stations in the same city. Senator McCain said that "as a leading participant in the passage of the 1996 Act, I have a very clear understanding [of the law's intent and why it required the ownership loophole to be preserved]."

Senator McCain appears to favor deregulation as a way to allow greater efficiency in the marketplace. As evidenced by his 1998 letter, sometimes this means that larger companies will gain more control in a single market. The McCain campaign asserts the candidate's business investment incentives will help all businesses continue to grow. However, these particular incentives will undoubtedly help large media outlets as well. Senator McCain's website contends:

“John McCain proposes to permit corporations to immediately deduct the cost of equipment investment, providing a valuable pro-growth investment incentive. Expensing of equipment and technology will

provide an immediate boost to capital expenditures and reward investments in cutting-edge technologies.”

On June 10, 2008, FCC Chairmen Michael Powell (Republican) and Reed Hundt (Democrat) led a discussion on the McCain and Obama communications policy agendas at a Federalist Society event at the National Press Club. Presumably, discussions such as these will assist the industry in determining exactly what policies each of the candidates

intends to implement if elected. We will continue to bring you updates on the communications policies of both candidates in order to help you fully understand issues critical to your business and industry and we are attempting to obtain a transcript of the Federalist Society discussions and will report on it soon.

*Let us know what you think about these issues at our interactive [blog!](#)*

*If you have questions about this issue, or if we may be of assistance to you, please feel free to contact us.*

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