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The AT&T-DirecTV Merger Could Be Bad News for a Free Internet

We're moving toward a world where only a handful of companies control our television, phone, and internet services.

On Sunday, AT&T said it had agreed to acquire satellite television provider DirecTV for approximately \$48.5 billion. The communications giant already provides TV, phone, and internet services in many markets across the country, but it has historically been a small player in the paid-TV market. If this deal is approved by regulators, AT&T would become the second largest paid TV provider, after cable giant Comcast.

It would also be the first step towards AT&T offering TV services over the internet. [Recode](#) reports that AT&T CEO Randall Stephenson told investors during a conference call today that the company will use DirecTV's entertainment industry relationships to aid its efforts to create new cross-platform video services.

The upside of the deal is that A&T may soon offer you all the communications and media services you need, from wireless phone service to fixed-line internet to satellite television. You could get everything on a single bill. But in the long term, the merger may end up hurting you in unforeseen ways. It's another sign that a shrinking number of companies are controlling access to a growing number of information services. That could ultimately hinder market competition, and as this world evolves in such rapid fashion, it's hard to see how the reduced competition will play out.

The Wild Card

Industry experts expect the DirecTV deal to be approved, but recent history doesn't provide a clear precedent for how this will be handled. The general

trend is towards more consolidation. Although AT&T was broken up into seven different companies in 1983, many of the so-called “Baby Bells” have merged, leaving just a few large players, including AT&T, Verizon, and CenturyLink. And the cable television industry is consolidating in similar ways. Comcast just recently agreed to acquire Time Warner Cable, one of its biggest competitors. That said, FCC has blocked certain mergers. In 2001, regulators blocked EchoStar—which at the time owned the Dish Network, DirecTV’s largest satellite television competitor—from acquiring DirecTV. And AT&T was blocked from acquiring T-Mobile in 2011.

ut the wild card here is that the phone and internet and TV markets are now merging as well. The Baby Bells are no longer separated from the TV giants.

Randy Giusto, the vice president of the research firm [Outsell](#), thinks this latest merger will be approved since the two companies don’t compete directly, and use entirely different infrastructures. “There’s not a lot of overlap between AT&T and DirecTV, so I don’t think there will be a big impact on consumers,” he says. But this isn’t just about television. Like other giants, AT&T deals in both television and internet, and that can give it added leverage to control what gets delivery to the people, how it gets delivered, and at what price.

The question becomes: Will AT&T seek to control the use of its internet services in an effort to protect its TV and voice interests? This could cause yet another debate over net neutrality—the notion that all internet traffic should be treated the same. Because AT&T doesn’t want all TV and voice moving to cheaper services on the internet, it may seek to artificially control it.

Skepticism is Good

As it stands, the company is offering to follow the rules outlined in the FCC’s original network neutrality proposal, which would prevent ISPs from prioritizing certain internet traffic over others. But this proposal has been struck down by a federal court, and as DSL Reports blogger Karl Bode

[notes](#), the proposal contained various loopholes, and it doesn't cover mobile internet connections, which is AT&T's biggest focus right now.

The company has already proposed a "[sponsored data](#)" scheme that would allow app makers, not customers, to foot the bill for data consumption.

AT&T's agreement to follow the FCC's old rules would do nothing to stop the company from moving forward with this plan, which industry watchdogs like [Public Knowledge](#) believe would be a clear violation of network neutrality.

Public Knowledge thinks the FCC should be wary of these mergers. "Does AT&T plan to frame this as allowing it to compete more effectively with Comcast?" John Bergmayer, a senior staff attorney at the organization wrote in a statement to the press. "If so, that is yet another reason why policymakers should be skeptical of the pending Comcast/Time Warner Cable transaction."