The Media Industries: 
Public Policy and Business Strategy

B8366, Spring 2018
Tuesdays 9:30 am – 12:30 pm
Room URIS 140

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The course is designed to introduce law and business students to the unusual regulatory and business challenges faced in the media industries. We will cover a variety of topics ranging from intellectual property, the history and structure of the media industries, strategies of integration and consolidation and patterns of innovation in the media industry.

The course is organized around a handful of major issues confronting the media industry that have public policy and business strategy implications. Each issue will be the subject of group work, debate, lecture and outside speakers over the course of 2 (two) weeks. The first week, groups will be assigned to one side of an issue, prepare arguments and participate in debate relating to that week’s two debate questions. The second week will include class lecture and perspective from industry participants.

In addition to a readings packet, the two textbooks for the class are: The Master Switch: The Rise and Fall of Information Empires (TMS) by Tim Wu and The Curse of the Mogul: What’s Wrong with the World’s Leading Media Companies (COM) by Jonathan Knee, Bruce Greenwald and Ava Seave. The reading assignments for class combine chapters of the book with relevant background materials. Grading is based on

- Group presentations (25%)
- A final examination (75%)

Group Presentations. The class of 48 students will be divided into 8 (eight) groups of 6 (six) students. Each group will be divided equally between law students and business students. The groups’ composition will be confirmed by the TA on the day following the second class (February 1st). Students may establish their own groups as long as they consist of 3 business students and 3 law students. Any group not pre-arranged will be randomly assigned.
During the course of the semester each group will participate in 2 (two) presentations in which they present their 3 (three) strongest arguments on one of the debate questions for that day and defend those positions to the class. The debate will be graded with all group members receiving the same grade. The average of these two grades will represent the presentation portion of the overall class grade.

**Final Exam.** The purpose of the final exam is to test your ability to apply the concepts taught in the class to a real situation. The exam will describe an actual or hypothetical media combination and ask a series of questions regarding the appropriate attitude towards the transaction of various stakeholders including shareholders and the public and what role the government can and should play. The exam will be 2 hours in class on May 4, 2018 at 10 am. You will be allowed to bring and use any outside materials you deem relevant, but you may not use the internet or collaborate with others and must adhere to a 3000 word limit.

Attendance will be taken in class. Anyone absent three times cannot obtain better than a grade of P (business) or B (law).

**Syllabus**

**January 23, 2018**  
**Topic:** Introduction to Media Regulation and Policy

**Questions:**
1. What, if anything, makes the media industries different as a regulatory matter?
2. What should the objectives of media regulation be?
3. How should you think about the dangers of excessive government control versus excessive corporate control?
4. How does the paradigm of regulated monopoly still influence media regulation?

**Reading:**
- TMS: Chapters 2, 6, 10
- FTC v. Paramount Famous-Lasky Corp., 57 F.2d 152 (2d. Cir. 1932)
- Schurz Comm., Inc. v. FCC, 982 F.2d 1043 (7th Cir. 1992)

**January 30, 2018**  
**Topic:** Introduction to Media Strategy

**Questions:**
1. What is media?
2. What is strategy?
3. What are the basic structures of media industries?
4. How should those structures drive strategy?
5. What media strategies have worked and which have failed?

**Reading:**
- COM: Introduction, Chapters 1-4
February 6, 2018  Topic:  Horizontal M&A in Media

Debate question:
1. Should Sprint’s Board approve a stock merger with T-Mobile in which it receives a modest (5-10 %) premium to its share price in the exchange ratio?
2. Should the government clear a T-Mobile merger with Sprint?

Issues to consider:
1. When do horizontal deals make sense for shareholders and the public?
2. How would the markets be defined?
3. Are there different or overlapping concerns that the Justice Dept. and FCC addressed?
4. Why do Sprint and T-Mobile seem to think the deal would be approved?
5. Are there conditions that can be placed on the combined company that should satisfy any government concerns?

Reading:
- Horizontal Merger Guidelines, §§ 1, 2, 4, 5, 10 & 11 (http://1.usa.gov/21jA9Tt)
- Garza, Market Definition, the New Horizontal Merger Guidelines, and the Long March Away from Structural Presumptions, the Antitrust Source (http://bit.ly/1llwh30)
- T-Mobile readings
  - AT&T & T-Mobile Factsheet
  - AT&T + T-Mobile: a World-Class Platform for the Future of Mobile Broadband
  - DoJ Complaint against AT&T
  - AT&T & T-Mobile: World Class Platform for the Future of Mobile Broadband (part 2)
- TMS: Chapter 14, 18; COM: Chapter 13
- Selected news articles
- Rollins et. al., TMT West Conference Takeaways, Citi Research Jun 10, 2018

February 13, 2018  Topic:  Horizontal M&A in Media

Guest Speakers:
1. Christine Varney, Partner, Cravath, Swaine & Moore and Former U.S. Assistant AG for Antitrust (Confirmed)
2. Peter Ewens, EVP Corporate Strategy, T-Mobile (by Skype) OR Jim Cicconi, Former SEVP of External and Legislative Affairs, AT&T Inc. or Daniel Mendelow, Senior Managing Director, Evercore Partners
February 20, 2018

Topic: Vertical M&A in Media

Debate questions:
1. Should the government block the ATT/TWX deal?
2. Should the ATT Board have approved the transaction?

Issues to consider:
1. When do vertical deals make sense for shareholders and the public?
2. What are the benefits and risks of combining content and distribution for consumers and for shareholders?
3. Is this combination in the public interest?
4. What, if any, vertical protections should be imposed on ATT’s proposed purchase of TWX? Is the answer different if the FCC has jurisdiction?

Reading:
- FCC Conditions on Comcast
- FCC Grants Approval of Comcast-NBC Transaction
- Appendix A
- Non-Horizontal Merger Guidelines
- TMS: Chapters 13, 16; COM: Chapters 6, 12, postscript
- DOJ Complaint in U.S. v. AT&T
- AT&T website responding to DOJ challenge

February 27, 2018

Topic: Vertical M&A in Media

Guest speakers:
1. Gigi Sohn, Former Counselor to Chairman, FCC (Confirmed)
2. Michael D. White, ex CEO, DirecTV (Confirmed)
March 20, 2018  Topic:  Net Neutrality and Public Access in Over the Top Companies

Debate question:
1. Is net neutrality good public policy?
   Is it a good business strategy for broadband providers to treat different content services differently?

Issues to consider:
1. What is net neutrality?
2. What are the objectives of the regulations?
3. What is the strongest argument against these regulations?
4. How would access providers behave in the absence of regulations?

Reading:
- Wu v. Yoo Net Neutrality Debate
- Verizon / Google: A joint policy proposal for an open Internet
- Geddes, Why Telecoms Regulators Must Ignore ‘Lawgeneers.’ (http://bit.ly/1XOgTe3)
- TMS: Chapter 19, 20, 21

March 27, 2018  Topic:  Net Neutrality and Public Access

Guest Speakers:
1. Terrell McSweeny, FTC Commissioner (Confirmed)
2. Randy Milch, Former GC and Public Policy Chief, Verizon (Confirmed)

April 3, 2018  Topic:  Sports and Public Policy: Media as a Basic Necessity

Debate question:
1. Should Disney board have approved the Fox acquisition and should they proceed if the government does not allow the acquisition of the Fox RSNs?
2. Should the government permit the same owner of ESPN and the Fox RSNs under any circumstances?

Issues to consider:
1. How much of a basic cable bill represents the cost of sports?
2. What drives and who benefits from the increasing cost of sports content?
3. What are the risks to ESPN’s business model and does owning Fox RSNs or other Fox properties mitigate these?
4. What special legal regimes are justified to regulate the sports ecosystem?

Reading:
- ESPN Short Articles
- US Telecommunications and Cable and Satellite: the Poverty Problem
- Media Spotlight: After Further Review, ESPN Has Even More Leverage
- COM: Chapters 6, 7, 14
April 10, 2018  Topic:  Sports and Public Policy: Media as a Basic Necessity

Guest speakers:
Craig Moffet, Senior Research Analyst, Moffett, Nathanson Research (Confirmed)
Rocco Comisso, CEO, Mediacom Communications (Confirmed)

April 17, 2018  Topic:   News and Fake News in the Digital Age: Policy and Business Implications

Guest Speakers:
Gordon Crovitz, Co-founder, NewsGuard
Richard Tofel, President, ProPublica
Chris Altchek, CEO, Mic.com
Will Bardeen, SVP, Strategy and Development, New York Times
Jon Steinberg, CEO, Cheddar

Issues to consider:
1. How has the Internet changed the news and the newspaper business?
2. Who are the winners and losers from these changes?
3. Are these changes responsible for the increase in fake news? How?
4. Do these changes argue for more or less government involvement in the industry?
5. Are there specific regulatory or legal changes that can usefully address the “fake news” problem?

Reading:
COM: 10, 11

April 24, 2018  Wrap-up and Conclusions