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## Articles

### **ACQUISITIONS BY PARTIALLY PRIVATIZED FIRMS: THE CASE OF DEUTSCHE TELEKOM AND VOICESTREAM**

By J. Gregory Sidak ..... 1

A recent phenomenon in competition policy is the acquisition of a private firm by an enterprise that is either wholly owned by government or in the midst of privatization. Such an acquisition poses the question of how public ownership may alter the incentives of a firm to engage in anticompetitive conduct. It also prompts one to examine the process by which such altered incentives revert, as the level of government ownership declines, to the same incentives that face purely private firms. Using Deutsche Telekom's acquisition of VoiceStream Wireless as a case study, this Article presents the economic questions relevant to evaluating the competitive consequences of acquisitions by partially privatized firms. It predicts gains or losses to various constituencies of producer groups. It then analyzes bond ratings and weighted average costs of capital to determine whether such data is consistent with the hypothesis, advanced by parties opposed to such foreign investment, that partially privatized acquirers benefit from government subsidization of their credit.

### **A TALE OF THREE CITIES: "DIVERSE AND ANTAGONISTIC" INFORMATION IN SITUATIONS OF LOCAL NEWSPAPER/BROADCAST CROSS-OWNERSHIP**

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For more than half a century, a desire for "diverse and antagonistic sources" has been a fundamental principle of communications policy in the United States. Many question, however, whether current FCC policies intended to foster diversity of news and views in the content of the mass media actually do so. Nowhere is this issue raised more starkly than with respect to the Commission's controversial 1975 rule that prohibited the common ownership of a daily newspaper and a broadcast station in the same market. This Article examines the results of a study of diversity of information and viewpoints about the 2000 presidential campaign within cross-owned newspaper-broadcast combinations in three large American cities: Chicago, Dallas, and Milwaukee, and how those results impact the "diverse and antagonistic sources" doctrine of the FCC.

## Notes

### **DIAL 911 AND REPORT A CONGRESSIONAL EMPTY PROMISE: THE WIRELESS COMMUNICATIONS AND PUBLIC SAFETY ACT OF 1999**

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Designed to promote the prompt deployment of a seamless emergency services infrastructure to meet the nation's safety needs, the 911 Act not only instructs the FCC to assign the abbreviated dialing code 911 for use as the universal emergency telephone number, but also directs the Commission to establish appropriate transition periods for compliance in areas without 911 service. Furthermore, the 911 Act supports individual states' efforts to develop comprehensive emergency communications. Although improving the 911 system and saving lives by developing an end-to-end emergency communications network are commendable goals, this Note argues that the anemic 911 Act is an important first step, but accomplishes little beyond merely establishing 911 as the universal emergency telephone number.

### **THE PRIVATE WORKPLACE AND THE PROPOSED "NOTICE OF ELECTRONIC MONITORING ACT": IS "NOTICE" ENOUGH?**

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On July 20, 2000, an interesting mix of federal legislators proposed legislation that would affect monitoring of employee communications and computer usage in the workplace. Had it passed, NEMA would have required employers to notify their employees if they wished to conduct surveillance of their employees' electronic mail ("e-mail") or other electronic communications. Employer groups succeeded in convincing the Judiciary Committee to pull the bill from further consideration, citing a potential increase in litigation and more work for human resources professionals. This Note argues that NEMA should be adopted, since it would improve the current state of affairs relating to electronic surveillance in the workplace. The Note asserts that NEMA will positively benefit both employers and employees by establishing a "bright line" that takes into consideration the both parties' interests.

### **DOES INTERNET GAMBLING STRENGTHEN THE U.S. ECONOMY? DON'T BET ON IT**

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Commercial gambling in the United States is a mammoth industry. In the past few decades, the United States developed from a country with few gambling options to one permitting some form of legalized gambling in almost every state. Presently, a new wave of technology affects this industry. Legislators and regulators must deal with the phenomenon of Internet gambling. This Note asserts that Internet gambling must be curbed to lessen its negative impact on the American economy. Many state and local governments are dependent on tax revenues associated with traditional forms of gambling. Internet gambling not only deprives the economy of these valuable tax revenues, but also costs the economy valuable jobs and assorted fees associated with traditional gambling. In order to lessen its negative impact on the economy, Internet gambling must be more judiciously regulated in the United States.

**THE PERSISTENCE OF THE *DIRIGISTE* MODEL: WIRELESS SPECTRUM ALLOCATION IN EUROPE, *À LA FRANCAISE***

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This Note examines spectrum allocation for 3G mobile wireless networks in Europe in light of larger EC telecommunications and competition policies. The European Commission has allowed each member state to allocate spectrum to firms in two ways: (1) by the free market auction; and (2) by the “beauty pageant” method by which firms submit detailed proposals to the government, and government bureaucrats make the final selections. This Note focuses on France as the prime example of the beauty pageant method, and argues that, despite the “excesses” of the prices of spectrum on the free market auctions, the beauty pageant method has even more disturbing drawbacks.

**AN UPHILL BATTLE: THE DIFFICULTY OF DETERRING AND DETECTING PERPETRATORS OF INTERNET STOCK FRAUD**

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This Note argues that because of the limited resources of the SEC, the demanding requirements to prove misrepresentation, the current lack of cooperation between federal and state securities regulators, and a perverse admiration for fraud masterminds, illegal stock price manipulators will continue to profit from unsuspecting investors. Various measures to curb Internet fraud, however, are currently being pondered by industry experts. Among the most effective and realistic are, in order: increasing investor education and awareness, increasing the SEC’s “firepower,” increasing penalties and jail time for offenders, furthering coordination of federal and state efforts, and creating a “seal of approval” for traders and brokers. Absent an increased effort in a combination of some or all of the proposed solutions, Internet stock fraudsters will continue to exploit the “easy pickings” created by Internet investors.

**Book Review**

**THE LEXUS AND OLIVE TREE OF GLOBAL COMMUNICATIONS**

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Daya Kishan Thussu’s *International Communication: Continuity and Change*, presents a comprehensive and thoroughly readable overview of the significant global impact of communication from ancient times to the Internet era. The book describes major technological, political, cultural, and commercial breakthroughs and trends, and explains how each has helped to make the world a smaller place. While acknowledging the demonstrated potential of modern communication technology to effect revolutionary change in all corners of the globe, the book also recognizes certain enduring cultural and economic forces that have influenced the cross-border exchange of information and ideas for centuries.