Comcast, Time Warner in $45 billion merger

Tom Eley
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Cable and media giant Comcast has made a $45 billion bid to acquire its rival Time Warner Cable, a merger that would create the largest cable and Internet supplier in the US by far, along with one of the world's biggest media content conglomerates. Comcast is currently the largest US cable provider; Time Warner is number two.

The new Comcast would deliver Internet and cable service to some 33 million households from the start—about a 30 percent market share—and would vastly expand its operations, only three years after having acquired NBC Universal.

According to Comcast, the new company would save $1.5 billion annually in gained "synergies," a euphemism for money saved through layoffs.

Comcast executives have expressed confidence the deal will be approved by federal regulators in spite of the obvious threat it poses to consumers. Media analysts point to the firm's lobbying operations and political clout in Washington.

David Cohen, Comcast's executive vice president, is linked closely to the Democratic Party and President Obama. Last week, Cohen and his wife dined in the White House with the Obamas and French President Francoise Hollande.

"Comcast has a strong track record on transactions pursued during the Obama administration," industry analyst Jeffrey Silva of Medley Global Advisors told the *New York Times*. "[W]e believe the company is quite capable of once again negotiating a successful path forward on this deal."

The NBC Universal acquisition was approved over substantial public opposition. (It won prominent backing from Al Sharpton, who was subsequently given his own television show on MSNBC.) Later, in 2012, Comcast was allowed to ally itself with Verizon through mutual cross-marketing and the sale of cable access to the wireless giant, effectively ending competition between the two firms.

Those moves were approved by then-Federal Communications Commission head Julius Genachowski, a longtime Obama confidante and fundraiser who recently accepted a lucrative position with the Carlyle Group, a giant equity firm, where he will concentrate on global technology, media and telecommunications investments.

In 2011, the Carlyle Group was a major owner of what was formerly the ninth-largest US cable television provider, Insight Communications. That year, Insight was bought out by Time Warner Cable for $3 billion—a move approved by Genachowski. (See: "Obama crony joins Carlyle Group"). "From an anti-trust standpoint, the proposed merger is indefensible and outrageous," media expert Robert McChesney told the *World Socialist Web Site*. "But Comcast and Time Warner and companies like them never existed in a market system. They were always about lobbying for what are essentially government monopoly franchises. Comcast is a genius at this game. It has armies of lobbyists. This will go through unless some other powerful corporate lobby goes up against them."

If the Comcast merger does goes through, it will come in spite of abundant evidence that media consolidation is damaging consumer interests. In recent years, there have been marked increases in the prices cable providers charge to consumers for broadband Internet, telephone and television service—or combinations of the three, known as "bundles" or "triple plays"—while customer satisfaction with the industry remains low.

According to a new survey conducted by the financial web site MoneyRates, 25 percent of consumers believe cable companies offer the worst customer service of any industry, heading up an ignominious list that includes credit card companies (15 percent), insurance companies (14 percent) and phone companies (12 percent).

Consumers can expect no protection in court. Last year, the US Supreme Court ruled in *Comcast v. Behrend* that 2 million Comcast subscribers in Pennsylvania were not eligible to sue the telecommunications monopoly for rapid rate increases imposed after it monopolized the Philadelphia cable market.

Market ramifications could be even more dramatic, with the move potentially setting off a new wave of media mergers and acquisitions. The new giant would be in a position to favor the entry of its own media content into households, putting media corporations without such access, such as Netflix, at a significant disadvantage. It could also either favor or obstruct particular technological developments, for example Apple, Google or Roku media access devices. Comcast claims it will voluntarily maintain “net neutrality” and not favor its own content.

“If you look at Internet service provision,” McChesney said, “it’s basically dominated by a few companies—Verizon, AT&T and Comcast—and they’ve divided up the market. It’s hard to say if you let this go through that you can stand in the way of, say, AT&T and Verizon merging.”

Comcast already has a history of opposing freedom of information. In 2011, it joined other Internet service providers (ISPs) in imposing a monitoring system to prevent so-called “intellectual theft”—the and sharing of what the ISPs view to be their private property. (See: “US Internet service providers join big media in copyright crackdown”).