

# The Comcast-Time Warner merger: The case for public ownership

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Last week Comcast, the largest US cable television and broadband provider, announced that it would merge with Time Warner Cable, taking over the second-largest US cable company for \$45 billion. The merger would create a vast monopoly that would control over one third of the cable television and broadband Internet markets in the United States.

The merger is yet another expression of the growing control of enormous corporations over ever-greater sections of media, communications, and economic life, and the effective abandonment of anti-trust regulation by the US government.

The company that would result from the proposed merger would have almost twice as many broadband Internet subscribers as its closest competitor, and would have some 32 million customers, according to figures by the Leichtman Research Group. Its two closest competitors, AT&T and Verizon, have 16 million and 9 million customers, respectively.

In 2009, a federal court struck down a law that prevented cable television companies from controlling more than 30 percent of the market. The two companies have a combined market share of 38 percent. The merger will give Comcast a dominant position in 19 out of 20 major metropolitan areas in the country.

The merger will also allow Comcast and its competitors to engage in further price gouging, under conditions in which service fees are already enormously inflated. Comcast collects nearly \$160 per month from the average customer, with many paying far more. But even while charging exorbitant prices, Comcast and Time Warner have the lowest customer satisfaction ratings among cable companies, and the third and fourth lowest customer satisfaction ratings out of all US corporations.

These companies exploit technology developed

primarily through government funding and research. Subordinating everything to profit, they have helped to make the United States among the most backward in terms of Internet communications of any of the developed countries. By way of comparison, Hong Kong has broadband speeds that are triple those of the US, while those in Romania are more than twice as fast.

According to Comcast, the new company formed through the merger would save \$1.5 billion annually in “synergies,” largely through layoffs.

The enormous consolidation of major corporations has been the outcome of deregulation in the telecommunications, energy, and airline industries, which was launched by the Democrats in the late 70s in the name of promoting consumer choice.

Given its record on antitrust issues, there is little reason to expect any substantial opposition to the merger by the Obama Administration. Last year the White House gave the go-ahead for the merger of American Airlines and US Airways, paving the way for the creation of the world’s largest air carrier and the further monopolization of the US and international airline industry.

Both the Comcast and US Airways mergers are an example of the growing domination of the US economy by giant corporations. The portion of total business revenues received by the top 200 US corporations has grown from 21 percent in 1950 to nearly 30 percent in 2008. The profits of these companies have grown even more sharply—from 13 percent of GDP in 1950 to over 30 percent in 2005.

The proposed merger follows three years after the acquisition of NBC Universal by Comcast, which in the face of substantial public protest, was given the go-ahead by the Obama Administration in 2011. The deal

gave Comcast control over not only the distribution of content, but control of major TV networks, including one of the country's most popular sources of news.

The merger represents a real threat not only to the economic well being of the US population, but to fundamental democratic rights. The response by the telecommunications companies and government to the revelations of Bradley Manning, Julian Assange and Edward Snowden has been to tighten the control of service providers over access to Internet content. These providers, it should be remembered, are key partners of the US intelligence apparatus in their ongoing illegal surveillance of the US population.

Last month, the Washington, DC Circuit Federal Court of Appeals struck down the Federal Communications Commission's 2010 Open Internet (OI) regulations, dealing a significant blow to "Net Neutrality," which prohibits Internet service providers from discriminating against users based on the type of content they are seeking to access.

Comcast is extraordinarily well connected to the White House and federal regulators. Comcast's Chief executive, Brian Roberts, who is worth more than \$1 billion and received nearly \$30 million in compensation in 2012, has been Obama's golfing partner on Martha's Vineyard.

David L. Cohen, the company's head lobbyist, has even closer ties to the administration. As the *New York Times* reported, "A major Democratic fund-raiser, Mr. Cohen and his wife hosted Mr. Obama at their Philadelphia home in 2011, raising \$1.2 million at an event where the president called the couple 'great friends.' Mr. Cohen also was a guest at the White House on Tuesday for the state dinner in honor of President François Hollande of France."

Tom Wheeler, the current FCC chairman, was once the head of the cable industry lobby, while the current director of the Justice Department's antitrust division served as a lawyer representing NBCUniversal during its purchase by Comcast.

The proposed merger, and the earlier acquisition of NBC by Comcast, expresses the reality of the "free press" under capitalism, in which media conglomerates have a staggering degree of control over the information that the population is allowed to receive.

It expresses the degree to which a small group of well-connected individuals who control these companies

dominate the lives of millions of people and render any claim that the United States is a democratic society an absurdity.

The merger of Comcast and Time Warner Cable clearly presents a danger to the economic interests and democratic rights of the great majority of the population. It is impossible to oppose the growing consolidation and power of the major corporations within the framework of the capitalist system. The government, far from opposing the growing monopolization of economic life by a small handful of corporations and individuals, is doing everything possible to facilitate it.

Major corporations such as Comcast and Time Warner must be nationalized and placed under the democratic control of the population. The only way to achieve this is through the building of a mass movement of the working class, armed with a socialist program for reorganizing society on the basis of social need, not private profit.



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