

Comcast—Time Warner; Absolutely Not!
February 15, 2014

Comcast and Time Warner absolutely should not be permitted to merge. The inevitable upshot of the merger, if allowed, will be to reduce competition, diminish quality and diminish competitive incentives created to improve quality and increase consumer prices.

Cable companies are largely regional operators. So, it is hard to get perspective on how big they are relative to one another. Comcast is gigantic; nearly 22 million cable subscribers and over 20 million broadband subscribers. Time Warner Cable is the second-biggest cable company. Adding its approximate 11 million cable and broadband subscribers would make the combination represent something approaching half of all cable-TV-phone customers in the U.S.

It's not quite Coke buying Pepsi, but it's close enough to raise alarms. This means that exclusives, on things as simple and basic as the Olympics, will permit the vendor to control the market, access to it, and command exorbitant prices.

If the merger of Comcast with Time Warner occurs, the broadband industry will be undeniably concentrated now and will be dangerously concentrated if the merger occurs. "Concentration" is a word by economists to describe an industry's big company's ability to control prices or monopolize a market.

In the past 40 years, nearly the only situation involving reversal of corporate growth and increases in monopoly power occurred in the mid-80's when the old AT&T was broken up. Since then, merger upon merger has been approved. Each merger takes competitors out of markets. Each merger reduces jobs. And, each merger creates more impetus to move jobs overseas and send contracts for supplies out.

Competition builds quality. It creates jobs. It expands the economy. It provides an incentive to improve, profit, and make the marketplace fair.

Reducing competition achieves the diametric opposite results. The risk of such adversity cannot be borne more, further, and at a greater level by the American people.

When a market is destroyed by over-domination by too few, every American consumer loses, and every working American loses. Reducing competitors reduces competition. Less competition means less opportunity for jobs and higher prices for consumers. The potential employer pool shrinks, downward pressure on wages increases, and political power consolidates in corporate hands, even more.

This puts more and more pressure on the already over-stressed Americans who once made the Middle Class vibrant.

It is time to send a clear, strong voice to the United States Senate with the message that competition must be returned to America. The only kind of business that is good for the American people is business that creates and fosters opportunities for quality jobs at home, and for the ability to start new businesses at home.

It is time for a reverse merger policy to restore competition and to limit company sizes. If we do not protect ourselves from more growth of huge companies, less completion and less opportunity from more mergers. If we do not stop this, even the idea of market competition itself will be destroyed. Comcast and Time Warner's proposed merger should be blocked – plain and simple.

A new federal policy is needed to make this case. The message can only be delivered by a strong clear voice.