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Welcome to Comcast Country

By DANIEL DENVIR APRIL 23, 2014

PHILADELPHIA — COMCAST’S executive vice president, David L. Cohen, did not seem fazed when Senator Al Franken warned at a recent Judiciary Committee hearing that the company’s proposed acquisition of Time Warner Cable would “result in fewer choices, higher prices and even worse service for my constituents.” Comcast argues that the merger will not decrease competition among cable television or broadband Internet providers because the two companies do not directly compete — though the reason for that is that they already maintain virtual monopolies in many of their service areas.

In Comcast’s case, that monopoly is predicated upon exerting overwhelming political control. Just ask anyone who lives in Philadelphia, where the shiny 975-foot Comcast Center looms over the skyline. As buttons at the 2000 Republican National Convention in Philadelphia proclaimed: “Welcome to Comcast Country.”

Here, politicians heap unalloyed praise on Comcast’s chairman and chief executive, Brian L. Roberts, and his father, the company’s founder, Ralph J. Roberts.

“You will have to search long and hard in this city to find anyone who will say anything bad about Comcast or the Robertses,” the former governor of Pennsylvania and mayor of Philadelphia, Edward G. Rendell, told a reporter in 2001. Not incidentally, Mr. Cohen served as Mayor Rendell’s chief of staff before taking over Comcast’s political shop and becoming the Robertses’ consigliere.

Starting in Philadelphia, Comcast built a hometown political machine and turned it into a national juggernaut. In 2013, the company spent \$18.8 million on federal lobbying, according to the Center for Responsive Politics. That’s more than all but six other corporations. The company is also a major donor, making nearly

\$5.5 million in federal political contributions during the 2012 cycle.

Recipients of Comcast's largess include President Obama and Pennsylvania's congressional delegation in Washington, a veritable Comcast caucus. In 2011, Pennsylvania's two senators, Patrick J. Toomey, a Republican, and Robert P. Casey Jr., a Democrat, scolded the Federal Communications Commission for taking too long to vote on Comcast's acquisition of NBC Universal: "The American people," they wrote, "have waited for more than a year for the benefits of this transaction to come to fruition." The two have now joined hands across the aisle to back the Comcast-Time Warner Cable merger. And the F.C.C.'s new move to weaken the principle of net neutrality suggests that, once again, Comcast's wishes will be granted.

The effort to sideline concerns about consumer protection was pioneered in Philadelphia in 1999, when Comcast was aided by City Hall in keeping a rival company, RCN, out of the local cable market.

"Good God!" Mr. Rendell recalled telling RCN, according to *The Philadelphia Inquirer*. "We have to tear up the streets so you can come in here and compete against one of our best corporate citizens?"

Mr. Rendell reportedly suggested that RCN move its headquarters to Philadelphia and "get involved" with the mayoral campaign of John F. Street, who later succeeded him in office. RCN executives donated, but Comcast gave more.

Politicians here express their corporate loyalty in the tribal terms typically reserved for the city's professional sports teams. (In fact, the Philadelphia Flyers and their hockey arena are owned by Comcast-Spectacor.) But many customers in Philadelphia demur: Comcast service here is expensive and poor, as customers everywhere complain. The company consistently receives among the lowest ratings of any major cable TV or Internet service provider.

"It bothers us that we have trouble delivering real high-quality service on a consistent basis," Mr. Cohen conceded at the recent Senate hearing. In 2003, lawyers sued on behalf of some two million Philadelphia-area Comcast customers alleging that the company employed anti-competitive measures, including the exclusion of RCN. Plaintiffs sought damages of \$875 million. But last year, the Supreme Court ruled 5-4 that they could not proceed as a class.

Angry Philadelphians have also protested the tax breaks lavished on the company — at a time when the city's underfunded school system is in dire crisis.

The gleaming Comcast Center was subsidized by \$42.75 million in state grants and other assistance, and the project is reaping millions of dollars from the city's property-tax abatement for new construction. A planned second tower will stand 1,121 feet tall.

Mr. Rendell describes the upside to Philadelphia's Comcast fealty as "incalculable." And so are the costs, considering Comcast's many subsidiaries based in the great American onshore tax haven of Delaware and by the corporate tax secrecy in Pennsylvania; Comcast has opposed efforts to close the "Delaware loophole." According to Citizens for Tax Justice, Comcast paid an estimated average state corporate income tax rate of just 4 percent from 2008 to 2012.

Mr. Cohen recently told *The Inquirer* that it was "demeaning to elected officials to suggest that their support can be bought." Yet he has also acknowledged that the company's political donations are aligned to "support an agenda that is supportive of the company."

Philadelphia is a digital-age company town where the proper relationship between business and government has been turned on its head. Welcome, indeed, to Comcast Country.

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A version of this op-ed appears in print on April 24, 2014, on page A31 of the New York edition with the headline: Welcome to Comcast Country.

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