

# AT&T acquisition of BellSouth to eliminate 10,000 jobs

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AT&T said Monday that its deal to acquire BellSouth will mean the destruction of 10,000 jobs over three years. The acquisition, valued at \$67 billion, will, if it is approved by government regulators and withstands anticipated legal challenges, mark a major further step in the monopolization of telecommunications services in the US. As is clear from Monday's announcement, it will spark an even more aggressive attack on the jobs, wages and conditions of telecommunications workers.

In many respects, the corporate colossus resulting from the merger will have greater sway over communications and the dissemination of information than the government-regulated telephone monopoly that existed before the breakup of the Bell system in 1984. The new AT&T will control, for large parts of the US, not only telephone service, but also a major share of wireless communications, cable and Internet service, and the merged company will seek to utilize the technological advances of recent years to enter the broadcasting market.

This process of reintegration and re-monopolization of telecommunications in the US takes place under far different conditions than those which existed in the days of the government-regulated telephone monopoly. Today there is no serious government regulation, the telecommunications unions—the Communications Workers of America and the International Brotherhood of Electrical Workers—have long since abandoned any genuine defense of the workers' interests, and wages, benefits and working conditions have been eroded. As a result, the new AT&T and its rival corporate giants will profit from a more intensively exploited work force.

The planned elimination of 10,000 jobs at the merged companies comes on top of 26,000 job cuts announced by AT&T since the beginning of 2005, including 13,000 layoffs announced after SBC acquired AT&T in

February of that year. (The new company assumed the name of AT&T.) Over the past decade, hundreds of thousands of jobs have been eliminated in the telecommunications industry as a whole.

With the acquisition, which is expected to get government approval, AT&T will become the largest telecommunications company in the world, with a market capitalization of \$170 billion. The telecommunications sector in the United States will be dominated by two major companies—AT&T and its smaller rival, Verizon.

In 1984, a US court ordered the breakup of the old AT&T. In its place were created 22 so-called “Baby Bells”—smaller companies that controlled regional sections of phone service: Of those, only a handful remain.

With the acquisition of BellSouth, AT&T will include within itself four of the Baby Bells. Verizon and AT&T together will control all of the East and West Coasts and much of the South of the country, leaving only portions of the Midwest and Southwest in the hands of smaller companies.

The current acquisition comes only a year after SBC's acquisition of AT&T and Verizon's purchase of MCI. The wave of consolidations in the industry began a decade ago, after the Clinton administration passed the Telecommunications Act of 1996.

Under CEO Edward Whitacre, SBC became one of the first telecommunications firms to engage in a policy of repeated acquisitions, including Pacific Telesis, Ameritech and Southern New England Telecom, before the purchase of AT&T. Another company that took full advantage of deregulation was WorldCom, which grew rapidly throughout the late 1990s before collapsing in an accounting scandal in 2002. It was subsequently renamed MCI and absorbed into Verizon.

The merger of AT&T and BellSouth, and the further mergers and takeovers it will spark, will inevitably translate into higher prices for consumers. They will also mean greater corporate control over the Internet.

The telecom giants today control much more than the traditional local and long-distance phone service provided by the old AT&T. These companies are now vertically integrated, including wireless phone networks, as well as cable and Internet services. By purchasing BellSouth, AT&T will gain full control of Cingular wireless, with 54 million customers and revenues of \$100 billion.

Cingular currently operates as a joint venture between BellSouth and AT&T. It has slightly more wireless customers than Verizon, which has 51.3 million. With wireless the fastest-growing section of the telecommunications industry, sole control over Cingular is seen as a critical strategic goal for AT&T.

In addition, these corporate giants are solidifying their control over the Internet by dominating broadband internet access. BellSouth has a massive wire network reaching over 1 million homes in the United States.

Jeff Chester, executive director of the Center for Digital Democracy (CDD), reacted to the merger by stating, “AT&T wishes to be lord of the digital domain, able to impose a raft of tolls, fees and what they term ‘monetization’ strategies for the Internet—whether it comes to us via wires or wireless devices.”

The CDD warned, “Instead of the Internet reflecting what the federal courts not long ago called ‘the most participatory form of mass speech yet developed,’ it’s now threatened to be reduced to what AT&T called its private ‘pipes.’”

Most analysts are agreed that government approval of the deal is assured. The Bush administration has already allowed a number of major mergers, and openly favors the further monopolization of economic life.

AT&T has already played a role in facilitating the Bush administration’s attacks on democratic rights. According to press reports, it is one of the companies that has allowed the National Security Agency access to its telecommunications switches, as part of the Bush administration’s illegal domestic spying program that was disclosed late last year.

As always in such mergers, the top executives will pocket millions. Last year, after SBC acquired AT&T, the CEO of AT&T left that post to become president of

the combined company, with an estimated compensation of \$55 million. In 2005, Whitacre received a total compensation of \$17.4 million. According to *Forbes Magazine*, his total compensation for the five years ending in 2005 was \$115.4 million.



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