

Trump's Justice Department sues to prevent Time Warner-AT&T merger

Gabriel Black

27 November 2017

Last week, the US Justice Department filed a lawsuit in order to block a merger between the two giant telecommunication companies Time Warner and AT&T. According to the *Financial Times*, the Trump administration is blocking the merger to pressure the sale of CNN.

One person told the *Times*, "It's all about CNN." Should Time Warner sell off CNN, Trump would reportedly allow the deal to go through.

The Time Warner-AT&T merger has been in the works for over a year. The deal would see AT&T, whose total assets exceed \$400 billion, buy Time Warner for \$85.4 billion. This would result in the largest vertically integrated content and distribution company in the world.

The proposed merger would follow several years of record-breaking mergers and acquisitions, with 2015 being the largest year on record for such deals. These huge combinations of giant corporations reflect the strained character of the real economy. While the stock market has soared, actual economic growth outside of the tech disrupters, such as Amazon and Google, is negligible. Unable to achieve substantive growth, companies scale into enormous conglomerations to weather low profits.

The merger would exacerbate the concentration of power within the telecommunications and media industry. Currently, both Time Warner and AT&T are pushing to overrule net neutrality regulations, a move which would pave the way for widespread government and corporate censorship of oppositional news and analysis.

The Trump administration's opposition to the merger, however, is not based on these concerns. While Trump has previously stated he would reject the proposed merger, because of the large monopoly it

would create, the article from the *Financial Times* exposes his real reason: Trump seeks to retaliate against CNN.

Since his inauguration, Trump's presidency has been marked by unprecedented threats against the media and specific journalists. On Saturday, Trump tweeted his most recent jab at CNN: "@FoxNews is MUCH more important in the United States than CNN, but outside of the U.S., CNN International is still a major source of (Fake) news, and they represent our Nation to the WORLD very poorly. The outside world does not see the truth from them!"

Trump, who bullies the mainstream press from the right, is not opposed to the concentration of power in the media. Rather, he wants it to be *his* media, attempting to use the power of the executive branch to intimidate and pressure the media into being more responsive to his administration's agenda. By forcing AT&T to sell CNN as part of the deal, Trump could downgrade and isolate the company by cutting it off from capital and severing it from this giant monopoly.

The administration's legal challenge to the merger is its first anti-trust suit. Makan Delrahim, the new head of the Department of Justice's Antitrust division, and the assistant attorney general, has worked as a lobbyist and lawyer for the telecommunications industry previously. He announced his support for Trump in March 2016. In October 2016, he stated that he saw no problem with the proposed merger between AT&T and Time Warner.

However, in the Department of Justice's announcement of the lawsuit, Delrahim said, "This merger would greatly harm American consumers. It would mean higher monthly television bills and fewer of the new, emerging innovative options that consumers are beginning to enjoy." Indeed, AT&T

could use its control over programs from Time Warner, such as CNN and HBO, to cut out its rival cable and broadband services.

But, this is not the real reason Trump is fighting the lawsuit. In the same breath that the Trump administration opposes this deal, it pushes to overturn net neutrality, a move that would allow companies to charge extra for certain internet services or block some sites altogether.

AT&T says it will fight the lawsuit, and, if it goes to court, will use legal discovery to acquire correspondence between the White House and the Justice Department about the merger.

The company's CEO, Randall Stephenson, said that no presidential administration had worked to directly block a merger like this in 40 years. Referring to the "elephant in the room," Trump's attitude towards CNN, he said "nobody should be surprised that the question keeps coming up, because we've witnessed such an abrupt change in the application of antitrust law here."



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact