Disney to purchase 21st Century Fox for $66.1 billion, creating new mega-conglomerate

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Disney, the massive media conglomerate, announced last Thursday that it had reached a deal to purchase 21st Century Fox in a mega-merger worth $66.1 billion. The merger, if approved by the US Justice Department, will be the second largest entertainment production merger of all time, promoting an even higher degree of monopolization in the already highly consolidated entertainment and communications industry.

Disney is already the second largest media conglomerate in the world measured by revenue, taking in $52.5 billion in 2015. It follows Comcast, which owns NBC Universal and made $80.4 billion in 2016.

In addition to Disney's signature movies and theme parks, the company owns ABC and all of its subsidiaries, Lucasfilm (Star Wars), Pixar Animation, Marvel, Touchstone Pictures, A&E Networks, Lifetime Entertainment, the History Channel and ESPN, to name just a few of its hundreds of assets. Disney also owns a 30 percent stake in Hulu, the major streaming rival to Netflix and Amazon, which, when combined with Fox's 30 percent share, will make Disney the majority share-holder.

According to Rich Greenfield, an analyst at BTIG, a major international financial firm, the merger could lead to the elimination of up to 10,000 jobs. As part of the announcement, Disney told investors that the merger would bring $2 billion in "synergies."

Greenfield wrote, "In order to reduce costs by upwards of $2 billion, we believe Disney will need to cut well over 5,000 jobs and the number could easily swell toward 10,000 given the high degree of overlap between the two companies around the world."

In 2016, Disney employed roughly 195,000 people around the world. Fox employed 22,000.

According to Bloomberg's Billionaires Index, Rupert Murdoch's wealth has surged since speculation began in early November that Disney could buy out Fox. In early November, Murdoch's wealth was valued just above $11 billion. Now it is estimated at around $13.75 billion. Bloomberg projects that Murdoch's wealth will increase by another $2 billion between now and when the deal is completed.

This quick $4.5 billion, almost a fifty percent increase in his wealth, is a reward from Wall Street investors for the cost efficiencies—that is, job cuts and monopoly benefits—to be gained by the merger. Murdoch made $581 million in added wealth just this last Thursday, according to Bloomberg. On his shareholder call Thursday discussing the deal, he said, "The value we're unlocking is plain to see."

Reports indicate that Disney's purchase of Fox is aimed partially at consolidating its position against Netflix and Amazon, as both companies challenge the business model of traditional entertainment companies by making their own shows and movies. Disney hopes to use Hulu as its rival platform to Netflix and Amazon.

According to YipitData, a combined Fox-Disney would own almost 20 percent of top Netflix TV shows. Before the merger, Disney announced that it would be taking its content off of Netflix. These shifts point to a market in which two or three vertically integrated media companies produce and distribute their content in segregated entertainment monopolies.

The further consolidation of film and television under two or three vertically integrated companies devoted to blockbuster profits does not bode well for more critical, thoughtful works.

The mega-merger between Disney and Fox is just one of a series of recent consolidations in the entertainment and communications industry, as well as the economy as a whole. In 2016, AT&T announced that it would buy Time Warner for $85 billion, creating a vertically integrated telecommunications-media giant. The deal is still under review by the Trump Administration, which is purportedly requiring Time Warner to sell off CNN separately, in a form of political retaliation against the network.

This huge merger agreement followed a deal fully completed in 2013, in which Comcast bought NBC Universal from General Electric, valuing NBC Universal at $30 billion.

These deals, however large, are only a reflection of the trend towards monopoly in the general economy. The past 10 years have seen record-breaking mergers and acquisitions, with 2015 being the largest year on record.

To name just a few of the major deals:

* In 2015, Dow Chemical bought DuPont for $131 billion, creating a chemical, agricultural powerhouse.
* Anheuser-Busch bought SAB Miller for $131 billion.
* Heinz bought Kraft for $101 billion.
* Charter bought Time Warner Cable for $78.7 billion.
* In 2016, Bayer bought Monsanto for $66 billion.
* ChemChina bought Syngenta for $43 billion.
* This year, CVS Health announced the purchase of health insurer Aetna for $70 billion.
* Earlier this month, the *Wall Street Journal* reported that Ascension Health and Providence St. Joseph Health were in talks about a merger that would create the largest hospital chain in the US.

Trump's massive tax cuts for corporations and investors are expected to accelerate the wave of acquisitions and mergers. Such parasitic activities, along with stock buybacks and dividend increases, increase the wealth of the financial elite while diverting resources from productive investment. Far from creating new, decent-paying jobs, the result of the latest windfall for the rich will be intensified austerity, more job cuts and increased exploitation of the working class.