

Court sanction of AT&T-Time Warner merger strengthens corporate grip on news and entertainment

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In a milestone ruling Tuesday, US District Judge Richard Leon rejected a suit by the Justice Department's Anti-Trust Division seeking to block the takeover of Time Warner by the Internet and telecommunications giant AT&T. In a sweeping victory for the telecom and entertainment monopolies, the judge placed no conditions on the \$85 billion merger and warned the government that he would reject any bid to stay his ruling pending a possible appeal.

A spokesman for AT&T said following the ruling that the company would move to close the takeover of Time Warner by June 20.

Coming just one day after the termination of net neutrality, the legal requirement that Internet service providers treat all communications as equal and not discriminate against websites, the federal court ruling sets the stage for the further consolidation of monopoly control over the Internet, social media, television, films and news outlets, and the suppression of oppositional points of view.

AT&T is the world's largest telecommunications company, the second largest provider of mobile telephone services, the second largest broadband Internet provider in the US, the largest pay TV company (through satellite company DirecTV, which it bought in 2015), and the largest provider of fixed telephone services in the country.

Its total assets exceed \$444 billion, it has a market capitalization of nearly \$210 billion and it employs 254,000 people worldwide. Its profits rose by 33 percent in the first quarter of this year. AT&T Chairman and CEO Randall Stephenson made \$28.4 million in 2016, about 1,000 times the average pay of AT&T employees.

Time Warner, which has a market value of \$75 billion, owns the TV networks CNN, HBO, TBS and TNT, as well as DC Comics. Through Turner Sports, it owns the rights to National Basketball Association games, Major League Baseball, the NCAA college basketball tournament and the Professional Golfers' Association Championship.

Time Warner made a profit of \$5.24 billion in 2017. It employs 26,000 people. Chairman and CEO Jeff Bewkes made \$32.6 million in 2016.

The merger will create the largest vertically integrated content and distribution company in the world. The Justice Department argued in the trial before Judge Leon in Washington DC that the combination of the two companies would enable AT&T to charge its cable TV rivals more to run Time Warner channels and programs or otherwise use its control over both distribution and content to squelch competition and hike consumer prices.

AT&T and Time Warner argued that they were compelled to merge in order to compete against tech giants such as Facebook, Google and Amazon, which are increasingly going into the live-stream content business and chipping away at the customer base for cable TV.

The anti-trust lawyers did not raise the threat to freedom of the press and freedom of speech posed by private corporate control over so many aspects of telecommunications, from infrastructure and distribution to the actual content provided by Internet and media outlets. In fact, a major factor in the decision of the Justice Department to pursue an anti-trust case was the hostility of President Donald Trump to CNN, a repeated target of White House attacks on "fake news"

due to its leading role in promoting the anti-Russia witch-hunt and the investigation of Special Counsel Robert Mueller into alleged collusion between Vladimir Putin and the 2016 Trump presidential campaign.

During the trial, Justice Department lawyers pressed AT&T and Time Warner to agree to a partial merger that would exclude Turner Network's CNN subsidiary, with the aim of weakening the channel. Both companies, however, rejected a truncated deal.

The AT&T-Time Warner merger is the latest and biggest to date in a series of recent mergers between Internet and telecom firms and news/entertainment companies. In 2011, Judge Leon, who was appointed by President George W. Bush, ruled in favor of the Internet giant Comcast's acquisition of NBC Universal.

In recent months, Verizon has purchased the digital media companies AOL and Yahoo. T-Mobile and Sprint have announced a merger of their own.

The court ruling on AT&T and Time Warner will dramatically accelerate the process of monopolization. The case marked the first anti-trust action by the US government against a vertical merger (between entities that do not compete directly with one another, as in a so-called horizontal merger) since the 1970s.

The immediate consequence will be Comcast's announcement expected this week of a \$60 billion all-cash offer to buy Twenty-First Century Fox entertainment assets. This will set off a bidding war with Walt Disney, which previously announced a deal to buy Twenty-First Century Fox for \$52 billion in Disney stock.

The *Wall Street Journal* quoted John Hodulik, a UBS analyst, as saying, "The decision will likely serve as the litmus test for other potential [mergers and acquisitions] and has broad implications for stocks in the cable, telco and media space."

All of the tech and media giants are increasingly integrated with the state intelligence and military agencies. They work with them to carry out illegal mass surveillance of the American people and churn out state propaganda in the guise of news and entertainment. They are involved in a systematic campaign to censor the Internet and crack down on socialist, progressive and anti-war news and analysis in the name of combating "fake news" and "Russian meddling,"

The growing convergence of corporate and state power in the fields of telecommunications, news and entertainment poses the most extreme threat to democratic rights.



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