

Following merger of AT&T and Time Warner

## **Fox accepts Disney takeover bid**

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Control of the media and telecommunications industries by a handful of mega-monopolies received fresh impetus Wednesday with 21st Century Fox's announcement that it had agreed to a revamped takeover offer from Walt Disney Company.

Disney, which already owns a film studio, the Disney Channel, ABC television, the ESPN sports network and other media holdings, upped its previous offer from \$52.4 billion in stock to \$71.3 billion in stock and cash, in response to a counter-offer by the cable TV giant Comcast estimated at \$65 billion, all in cash.

21st Century Fox Executive Chairman Rupert Murdoch (net worth \$15.9 billion) said Wednesday morning that Disney's proposal was "superior" to that of Comcast, while making it clear that he would still consider bids from other companies, including a revised Comcast proposal.

Under the Disney-Fox agreement, Disney would acquire Fox's 20th Century Fox film and TV studios, Fox's FX cable channels and regional news stations, Fox's stakes in international networks such as the UK's Sky broadcaster and the Star India TV channel, and Fox's one-third stake in Hulu, making Disney the majority owner of the streaming service.

Fox would retain Fox News, the Fox Sports national cable channels and the Fox broadcasting network. Those would be spun off into a company called "New Fox."

Disney has \$98.5 billion in total assets and a market value of \$159.48 billion. It made \$8.98 billion in profits in 2017. Its CEO, Bob Iger, received \$36.3 million in compensation.

21st Century Fox has a market value of \$89.7 billion. It made a \$2.95 billion profit in 2017.

Comcast has a market capitalization of \$151 billion. It took in \$22.7 billion in profits and its chairman and

CEO Brian Roberts received \$32.5 million in compensation in 2017.

The Disney-Fox announcement comes a week after a federal judge in Washington rejected a suit by the Justice Department's Anti-Trust Division to block or substantially pare back the takeover of Time Warner by AT&T. The judge refused to place any conditions on the \$85 billion merger of the world's largest telecommunications company with the owner of TV networks CNN, HBO, TBS and TNT, creating the largest vertically integrated content and distribution company on the planet.

The two firms closed the deal later in the week and the Justice Department has not indicated that it intends to appeal the ruling.

These massive moves toward consolidating control over every aspect of communications, entertainment and news—including the Internet, social media, film, TV and radio—and fusing control of content and distribution, have come in the wake of the termination of net neutrality. That sweeping attack on democratic rights enables Internet providers such as AT&T to legally discriminate against certain communications and websites.

These gigantic monopolies are closely integrated with the government, including the military and intelligence agencies. Their increasing stranglehold on communications heralds a vast intensification of the corporate-state censoring of the Internet that is already well underway.

The AT&T-Time Warner merger is a so-called "vertical merger," involving firms that do not directly compete against one another, as opposed to the merger of Disney and 21st Century Fox, which is called a "horizontal merger." Comcast, like AT&T a distribution company, made its bid for 21st Century

Fox the day after the AT&T-Time Warner ruling, which is seen as a green light for similar vertical mergers in the telecom/media sector as well as other sectors.

Telecom giants and traditional cable companies are scrambling to acquire content producers to ward off a growing challenge from digital companies such as Facebook, Google, Amazon and Netflix, which are increasingly producing their own programming.

The AT&T-Time Warner merger and the pending takeover of 21st Century Fox are the latest of a wave of telecom/media mergers in recent years. Comcast acquired NBC Universal in 2011. In recent months, Verizon has purchased the digital media companies AOL and Yahoo. T-Mobile and Sprint have announced a merger.

Together with a further monopolization of communications, the wave of mergers is increasing the control of the banks over the industry. In taking over Time Warner, AT&T incurred a huge debt, raising its total debt load to more than \$180 billion. Last Friday, the ratings firm Moody's announced that it would lower its rating on the merged company.

Comcast, which is widely expected to sweeten its offer for 21st Century Fox following Wednesday's announcement, was already prepared to raise its debt burden to \$170 billion to pay \$65 billion in cash for the company.

This level of leveraging increases the dependence of the corporations on Wall Street and accelerates the process of financialization of the US and world economy, bringing with it a growth of parasitism and financial swindling. Wall Street banks are expected to take in \$200 billion from the AT&T-Time Warner merger alone.

The entire process inevitably leads to major job cuts and intensified exploitation of the working class. Disney said Wednesday that it expected to realize "at least \$2 billion in cost synergies by 2021 from operating efficiencies" resulting from the planned merger.

The wave of mergers in telecommunications and entertainment is part of a much broader process. The first quarter of this year set a quarterly record for mergers and acquisitions, and 2018 as a whole is expected to outstrip all previous years. Reuters reported Wednesday that so far this year up to and including

June 15, M&A "mega deals," those worth \$5 billion or more, totaled \$1.22 trillion, up 64 percent on the same period last year. They comprised a record 76 deals.

A huge vertical merger on the horizon is the takeover of insurance giant Aetna by the drug store chain CVS.

This rush of mergers is being fueled in part by the multi-trillion-dollar Trump administration tax cut for corporations and the rich passed last December. The increased profits flowing to US corporations are being used not to create good-paying jobs, raise wages or rebuild infrastructure, as promised, but rather to finance an explosion in stock buybacks, dividend increases and mergers and acquisitions. These parasitic operations increase the private wealth of the corporate-financial oligarchs at the expense of society's productive forces and the living standards of the working class.



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