

# Telecomm 'reform' bill a boon for Murdoch

by William Jones and Jeffrey Steinberg

In what is bound to become a major gain for the "big guns" of the media world in consolidating their power to orchestrate "public opinion," the House of Representatives passed overwhelmingly on Aug. 4 sweeping legislation that would significantly deregulate the telecommunications industry, gradually eliminating the current federal limits on the share of the media market any one company or individual could own.

A decade in the making, H.R. 1555 covers television, radio, cable TV, and telephone and other communications networks. New technologies being marketed or about to come on line have already created circumstances where telephone service providers are threatened with Internet supplanting their monopoly over global voice-communication at drastically reduced rates; and in turn, the former Bell Telephone system is aggressively pursuing new fiber optic cable systems that it hopes will allow the phone company to compete with cable TV providers.

## Free market given free rein

While a detailed *EIR* analysis of H.R. 1555 has not yet been completed, the basic thrust of the legislation, which was heavily influenced by the radical libertarians at the Washington-based Cato Institute and at other Mont Pelerin Society fronts, contains a strong stench of "free market orthodoxy." In effect, Congress has rolled over and told the entertainment and telecommunications moguls that they have free rein to shape the future of this potentially trillion-dollar enterprise—without having to worry about any government regulation or oversight.

A similar bill passed the Senate in June; work on a conference version is expected to begin right after Congress' summer recess.

Among the deregulations included in the House bill:

Current federal limits that prevent any one company or network from owning TV stations that reach more than 25% of the nation's population, would be raised to 35% immediately, and 50% after one year. The current federal limit on any one company owning more than 20 AM plus 20 FM radio stations would be eliminated entirely. Current federal limits that prevent one company from owning all the major newspapers, TV stations, and cable TV providers in the same city or locality, at the same time, would be greatly relaxed. Regulation of cable TV rates would be

greatly relaxed.

Critics warn quite correctly that if passed, the legislation would lead to a greater monopolization of the mass media by a small number of companies and would ultimately significantly raise cable rates and many other service charges. The legislation will effectively increase the media monopoly of the Big Three networks and of Rupert Murdoch's media conglomerate, with Murdoch making his greatest headway in the crucial Washington, D.C. media market.

Reportedly, the new bill also has some of the Club of the Isles crowd in Europe salivating over the implicit invitation to invade the United States. Sources cite the recent sweetheart treatment afforded Newt Gingrich's publisher and media baron Rupert Murdoch by media regulators, as evidence that the U.S. entertainment and telecommunications industry is now fair game. Said one source: "Nothing stands in the way of even British Petroleum or Royal Dutch Shell moving big into the U.S. media and telecommunications market."

The White House has threatened to veto the legislation, if the final version is not significantly altered to introduce greater regulation and limits on cartelization and unchecked fee hikes. A lot hangs on President Clinton standing firm.

## Merger mania triggered

In anticipation of the passage of H.R. 1555 and the further deregulation of the American telecommunications and entertainment sectors, a flurry of big mergers have been launched in recent weeks. The biggest of the buyouts was Disney's takeover of Capital Cities/ABC for a whopping \$19 billion. A slightly smaller deal involving a Westinghouse buyout of CBS, is in the final stages, and would only be scrapped, if a rival comes up with a better bid for CBS stock.

Should anyone doubt that this frenzy of "free marketeering" is actually a sign of a greater cartelization of America's entertainment and news industry, just consider the following. All of the "rival" bidders in the ABC and CBS merger maneuvers were together in July of this year at the annual "New Establishment" gathering at Sun Valley, Idaho, hosted by mob-tainted investment banker Herbert A. Allen, Jr.

Herbert Allen, Sr. and his brother Charles Allen were the in-house bankers for Meyer Lansky's national crime syndicate for years. But then again, many of Allen's Sun Valley guests, leading off with Edgar Bronfman, are themselves scions of Prohibition-era gangster families that went from "rags to rackets to riches to respectability." And others among the guests, including Cap Cities/ABC's biggest shareholder Warren Buffett, are holding their breath waiting to see how the Justice Department's price-fixing probe of the food-processing industry is going to play out. Buffett's son was a senior officer of Archer Daniels Midland, the grain cartel targeted by a federal grand jury; and ADM President Dwayne Andreas was an outside director at Herbert Allen, Jr.'s Columbia Pictures for years.