

Justice Department gives AT&T and IBM the go-ahead for the 'Wired Society'

by Leif Johnson

The simultaneous dropping of anti-trust action against American Telephone and Telegraph Company (AT&T) and International Business Machines (IBM) last month signals the merging of the Morgan Bank-dominated telecommunications companies as they head for what they call the "Information Age."

George Orwell, whose book *1984* put in literary form for the British financial oligarchs a reality they intended to create, would be pleased. The Department of Justice's deregulation of telecommunications and the computer industry allows the integration of broadcasting, including cable TV, with computing equipment and telecommunications to establish the conditions of Orwell's intended 1984—a deindustrialized society.

Giving AT&T and IBM this sort of license is the social control and engineering side of deindustrialization. The huge industrial combines, whose boards are controlled by Morgan interests like General Motors and U.S. Steel, are being dismantled, while enormous flows of capital are directed to the Information Age corporations.

It is estimated that in the next four years, the combined deployable cash in AT&T and IBM could reach \$100 billion. In keeping with long-standing corporate policy, that cash will not be distributed to stockholders nor fund fundamental technological breakthroughs. It will finance the attempt to "wire" the American population into two-way television, and electronics and computer hookups, allowing a substantial portion to work at home—and shifting them out of productive industry.

The timing of the Justice Department move vis-à-vis AT&T and IBM is significant in three respects. The anti-trust suits had been brought by the government to facilitate more or less the present settlement, but the govern-

ment could have settled at any time. The present moment was chosen, first, because the Volcker depression is far enough advanced to make it appear that giants like General Motors and U.S. Steel are forced to contract and/or diversify because of economic conditions. Second, the "free competition" rhetoric fed to the Reagan administration and its supporters was counted on to sustain the rubrics of "competition" and "deregulation," permitting the largest monopoly combination ever seen.

The third element in the timing is one over which the Morgan and related financial oligarchs behind AT&T and IBM have no control. Japanese corporations, although with only a fraction of AT&T and IBM's research and development resources and manufacturing capacity, are presently providing real competition to AT&T and IBM.

However, the immediate AT&T-IBM concern is domestic. They intend to install two-way television and computer services in a sufficient number of American homes to complete a social-control task they began with the mass media, particularly television.

The AT&T press relations office publicly explains its scenario as follows:

Energy prices will continue to rise and people will be less mobile. They will want to carry out certain activities in their own homes, like banking, stock and bond trading, shopping, education, and news and sports spectatorship. AT&T will market a device called "videotext" in conjunction with the Morgan-run Knight-Ridder newspaper chain and CBS television.

Such a videotext network was tested in 250 homes in Coral Gables, Florida and will soon be further tested in 5,000 dwellings in Ridgewood, New Jersey. The key element is the "interactive" ability of the user to issue

commands to his bank, store, or sports news outlet to supply his "needs" without leaving the house. Mass marketing is scheduled for 1984—although the test is described by communications experts as a "failure."

The second phase will arrive by 1990. According to Ed Langsam of AT&T's home information systems division, the Information Age will be so advanced that 15 percent of the present workforce will never leave their homes. The new "cottage workers" and "new lifestylers" won't be producing cars, steel, or other manufactured goods; they will be shifted into the post-industrial electronic-related clerical and other service sectors.

The IBM scenario is still more explicit. James Martin, a leading member of IBM's think tank, the Systems Research Institute, constructed his scenario in his 1976 book, *Future Development in Telecommunications*.

In the early 1980s, says Martin, "the use of computers as a hobby has by now become widespread. . . . It is one of mankind's most captivating hobbies and there are a rapidly growing number of *computer bums*, who do little else. . . . Computing spreads like a drug to a large number of people [emphasis in original].

"Major funding is applied to 'artificial intelligence' techniques . . . which produce 'intelligence,' industrial robots, human speech recognition, recognition of patterns in intelligence data. . . .

"As transportation costs continue to increase video channels are increasingly regarded as a cost-saving mechanism rather than a luxury."

Industrial jobs are massively lost under this scenario as raw-materials and energy prices soar so that by the early 1990s people are working three-and-a-half day work-weeks. Printed newspapers cease to exist, "except for a minor intellectual press," and people get all their information from wall-sized screens that "provide a more 'hot' medium in McLuhan's sense of the word than the earlier small TV screens."

Government is replaced by continuous polls taken by two-way TV screens. Martin remarks that some critics "claim that such form of government would spell the end of the Western economic system."

The end point comes in the late 1990s, when pleasure domes with 360-degree screens can create complete surrogate experiences, "experimental use of drugs administered under electronic control" controls emotional reactions, and finally, molecular biology will be combined with electronic technology to produce—Martin stops at this point, explaining that older readers might find the molecular-electronic engineering prospects "dismaying."

The potential

Could AT&T and IBM and other Aquarian Age giants actually do something like this? They certainly intend to try; and the amended AT&T consent decree, along with the termination of the IBM suit, will give

them billions to finance it.

Since the consent decree can only be overridden by Congress, which clearly knows little or nothing of this matter, or by the military or executive branch, which are being immersed in the systems-analysis ideology engineered to make telecommunications Information Age dictatorship possible, at present the Aquarians see only a green light.

By the terms of the AT&T consent decree amendment of the 1956 decree, AT&T will keep 55 percent of its former revenues (retaining all its long lines, Bell Labs, and Yellow Pages, and the telephones in residences and businesses), while it dumps 65 percent of the operating expenses (the local wiring) and 90 percent of the half-trillion AT&T debt on the Bell operating companies.

Already the world's largest and richest company, AT&T received record rate increases in 1981, totaling \$4.2 billion, compared to \$1.9 billion in 1980.

And, as AT&T Chairman Charles Brown told Congress recently, "Free competition will gradually force us to raise our rates." Congress registered no surprise at

From Martin's scenario

An excerpt from James Martin's "future scenario" in his book Future Developments in Telecommunications (1976):

Public movie theaters have declined under the competition from the home entertainment media and now cater to two main markets. First, they show movies with a degree of sex and obscenity not permitted on the home media and catering to a market too poor to afford the wall screens. Second, other theaters show spectacular movies on screens occupying 180° or 360° of the field of vision; these screens can create an impact greater than the home wall screens. . . .

There is experimental use of drugs administered under electronic control in conjunction with entertainment media, largely to heighten and "edit" emotional reaction.

It seems clear to many authorities that the staggering advances in molecular biology are going to merge with the electronic technology. This prospect is dismaying to many older people [those who read this book in the 1970s], but strangely enough, a new generation of students is emerging that appears to welcome it.

this quixotic statement. In addition, AT&T can count in its calculations IBM's cash reserves, which are about two-thirds of AT&T's, because IBM is being de facto merged with AT&T.

The cash situation of AT&T is further bolstered by its federal tax subsidy under the 1969 "Bell Bill," and will get \$3.0 billion as a direct subsidy if HR 1524 passes Congress this year.

In 1975, AT&T paid \$129 million in taxes on \$3.1 billion in income—a 4 percent tax rate for that year. If AT&T takes depreciation tax credits by writing down equipment at \$10 billion in book value to \$4 billion they may not pay taxes for years.

In addition, AT&T has \$35 billion in its pension fund account and an extraordinary capability to raise cash on the stock, bond, and commercial paper markets.

What are AT&T's resources for pursuing its Orwellian goals? Possibly as much as \$50 billion deployable over the next two or three years, with an annual deployable cash flow of roughly \$5 billion. There is probably as much as one hundred billion dollars available to capitalize the "Information Age."

The government cases against AT&T and IBM, pursued for 7 years and 13 years respectively, were intended all along to have been dismissed as they were on Jan. 12.

The "free competition" cover for the Jan. 12 decrees was devised by one of the most interesting commissions ever put together: the 1975 American Bar Association's Commission on Law and the Economy. That body was assembled by Lawrence E. Walsh of the Morgan Bank-connected law firm, Davis, Polk, and Wardell, and chaired by Dulles family intimate and former High Commissioner in occupied Germany, John J. McCloy; its members include Billygate coverup man Lloyd Cutler, F. Mark Garlinghouse, AT&T's general counsel and a director of United Brands. The Commission declared:

In lieu of governmental intervention in the economy, reliance should be placed when feasible upon the competitive market. . . . Where government intervention is required, consideration should be given to disclosure or to incentive-based classical command and control modes.

On the government side, William Francis Baxter, the Assistant Secretary of Justice who engineered the AT&T-IBM "merger," is a fellow at the Stanford University Center for Advanced Study and Behavior Sciences, the think tank where the Aquarian Age was spawned. Baxter served to implement Aquarianism as a member of the 1968-69 White House Task Force on Communications Policy and the 1969 White House Task Force on Anti-Trust Policy. Baxter later served on the Federal Reserve Board.

West Germans' exports flank in Mideast trade

by Thierry Lalevee, Wiesbaden Bureau Chief

Recent reports published in the international press, according to which "German business" was going big again in Iran, have proven utterly false after a few investigations. Indeed, West German trade with Iran in the last 11 months of 1981 increased by 40 percent compared to 1980. But those who use this figure to stress a definitive sign of political support from Bonn to the fanatical mullahs, conveniently forget to point out that trade in 1980 was at a standstill, close to nihil, due to the international sanctions applied against Iran following the taking of the American hostages. Hence, a 48 percent trade increase represents only a minor adjustment of still ongoing contracts, bringing German-Iranian trade relations nowhere near its peak from the mid-1970s until the overthrow of the regime of the Shah in 1979.

What these reports of a German-Iranian connection, however, do indicate, is an ongoing factional fight inside Germany on what should be Germany's Middle East policy. As reported earlier in *EIR*, the heads of the Foreign Ministry and of the Interior Ministry, the FDP's Hans-Dietrich Genscher and Gerhard Baum, respectively, have been doing their best over the last months to redevelop a Bonn-Teheran connection, implying political support for the Mullahs. Iran's new secret service, the Savama, signed last autumn an agreement of cooperation with Baum's ministry which is endangering the lives of many inside the huge anti-Khomeini Iranian community based in West Germany—the second largest after the United States, according to Iranian sources. But Baum and Genscher's Iran connection stems from a political commitment which is coherent with the fact that the FDP adopted last June as party policy the genocidal "Global 2000" program.

The Iraqi connection

German business and economic circles see it otherwise, and economic realities have it that Iraq emerged in 1981 as Germany's number-one export partner in the Middle East, even ahead of the huge Saudi market. This includes numerous deals, worth billions of dollars, and Iraq is expected to continue to top Saudi Arabia in the