

T-Mobile/Sprint merger turns two disruptors into one “mega company,” Dems warn

reader comments

55 with 42 posters participating

Share this story

Five US Senate Democrats today warned that the T-Mobile US/Sprint merger could hurt consumers and urged the Senate Commerce Committee to hold a hearing on the deal’s potential harms.

The Democrats sent a letter to Commerce Committee Chairman Roger Wicker (R-Miss.) asking him to schedule a hearing on the proposed merger.

The committee has “jurisdiction over the wireless industry and the Federal Communications Commission” and thus has a “responsibility to assess the effects of this potential consolidation,” the Democrats wrote.

The letter was sent by Sens. Edward Markey (D-Mass.), Amy Klobuchar (D-Minn.), Tom Udall (D-N.M.), Tammy Baldwin (D-Wis.), and Richard Blumenthal (D-Conn.), all of whom are members of the committee’s Democratic minority. They also sent the letter to Sen. Maria Cantwell (D-Wash.), the committee’s top Democrat.

They wrote:

The merger of T-Mobile and Sprint would reduce the number of national wireless carriers from four to three. This reduction in competition raises a number of important questions that the Committee should address. Since the merger was announced, some have argued that it will lead to harmful repercussions for consumers such as higher prices, fewer choices, and less flexibility in switching carriers. For example, both T-Mobile and Sprint consistently offer competitive products that have exerted pressure on AT&T and Verizon to offer more consumer-friendly data plans and eliminate restrictive long-term contracts. We should examine the impact of combining these two disruptors into one mega company. Additional questions have been asked about how this merger could adversely impact low-income consumers because T-Mobile and Sprint are currently direct competitors in offering prepaid services.

Congress can't block the merger directly, but lawmakers can apply pressure on the FCC and Department of Justice, the agencies that could try to block the deal or impose conditions on it.

T-Mobile and Sprint have argued that their merger is necessary to deploy a strong 5G network. But their claims should be questioned, given that both carriers previously promised to build 5G networks on their own, the Senate Democrats wrote.

Similar merger was blocked in 2011

The Democrats noted that AT&T's proposed acquisition of T-Mobile was blocked by the US government in 2011 because the deal would have harmed competition. Those concerns may be even more important today now that smartphones have become ubiquitous, they wrote.

"In 2011, when AT&T proposed acquiring T-Mobile, both the Department of Justice and the Federal Communications Commission found that the reduction of the number of wireless

carriers from four to three would harm consumers,” the Democrats wrote. “At that time, 35 percent of Americans owned smartphones. Today, that number is 77 percent and growing as we are increasingly reliant on mobile devices for access to the Internet. In fact, for as many as 20 percent of Americans, smartphones are the primary means of Internet connection. Given how many more people rely today on smartphones for connectivity than in 2011, regulators should be just as, if not more, skeptical of this latest consolidation effort and the subsequent decrease in mobile competition.”

Historically, competition has benefited Americans who use wireless phone services, the Democrats noted.

“Nearly three decades ago, only two providers dominated the then-limited market for wireless services,” they wrote. “Consumers paid many cents per minute, per call. It was only when new entrants arrived, in part because of greater access to spectrum, that the wireless revolution arrived, dramatically driving down prices and pushing cell phones into the pockets, purses, and palms of most Americans. In 2019, we cannot afford to move backwards.”

When contacted by Ars, a Commerce Committee spokesperson did not comment on whether the requested hearing will be scheduled. We also asked Sen. Wicker’s office if he has any opinion on whether the merger should be allowed and will update this article if we get a response.

T-Mobile executives have been busy lobbying the Trump administration for merger approval since announcing the deal in April 2018.

<https://arstechnica.com/?p=1446163>