

Comments of the International Center for Law & Economics, United States et al. v. Deutsche Telekom AG et al.; Proposed Final Judgment and Competitive Impact Statement October 1, 2019

[Eric Fruits](#), [Gus Hurwitz](#), [Geoffrey A. Manne](#), [Julian Morris](#) and [Alec Stapp](#)

The central question of a merger review is the likely effect that the transaction will have on consumers. The DOJ's complaint against the Sprint-T-Mobile merger is built upon the allegation that the proposed transaction represents a reduction from four to three national facilities-based mobile network operators (a so-called "4-to-3 merger"), and that such a transaction would reduce competition and result in "higher prices, reduced innovation, reduced quality and fewer choices" in the marketplace. This is an empirical question that has been studied by numerous scholars in recent years.

The upshot of the empirical literature is that, in fact, such mergers appear to increase, not decrease, innovation. Moreover, the research is, at best, inconclusive with respect to the price effects of such mergers. Based on these findings, we believe that the DOJ was correct to approve the transaction, and that this is so regardless of the expected competitive effects of the Final Judgment's Divestiture Package, which is likely unnecessary to ensure that the market remains competitive.

ICLE filed a letter summarizing its analysis of the relevant empirical literature on mobile carrier mergers as part of the Tunney Act review process.

[The letter and attached analysis can be read here.](#)

[View Article](#)