

Comments to the FCC on T-Mobile-Sprint Merger

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Summary

Yesterday, ICLE submitted **Comments to the Federal Communications Commission in Opposition to Petitions to Deny the T-Mobile-Sprint Merger**. ICLE's comments argue that the petitions to deny fail to provide any compelling reason to adopt a presumption against this merger. To the contrary, there are good reasons to think that this transaction will benefit consumers and the economy. The complete comments can be found [here](#).

The conventional wisdom in opposition to the T-Mobile/Sprint merger has it that a competitive mobile market requires 4 national providers. But there are no economic grounds for this assertion; it's basically an arbitrary number, offered up in order to squelch any further concentration in the industry.

As ICLE scholars discuss in these comments, increased concentration is not necessarily good or bad in itself—it depends on the circumstances. Increases in market concentration in the US mobile industry have historically been accompanied by dramatic increases in quality and reductions in price. And there are compelling reasons to believe that the merger of T-Mobile and Sprint will continue this trend.

A proper assessment of this transaction requires the Commission to account for the specific characteristics of the markets affected by the merger—including, most importantly, the dynamic, fast-moving nature of competition and the importance of high fixed costs of production and economies of scale. This is particularly important given the potential for the transaction to facilitate the launch of a competitive, national 5G network.

Opponents claim this merger takes us from four to three national carriers. But in terms of future investment in general, and the roll-out of 5G in particular, it does not; a better characterization is that it takes us from two to three national carriers investing to build out next-generation networks.

In the past, the capital expenditures made by AT&T and Verizon have dwarfed those of T-Mobile and Sprint. But New T-Mobile would be in a far better position to make the kinds of large-scale investments necessary to develop a nationwide 5G network. As a result, it is likely that both the urban-rural digital divide and the rich-poor digital divide will decline following the merger. And this investment will drive competition with AT&T and Verizon, leading to innovation, improving service and—over time—lowering the cost of access.

Indeed, the potential benefits of the deal—including wider access to, and more timely deployment of, high-speed wireless data at lower cost, as well as a host of other innovations—are considerable. In order to ensure that such consumer benefits can be realized, it is crucial that the proposed merger not be thwarted by regulators inappropriately focused on short-term, static effects.

See also ICLE's Letter to Senate Judiciary re T-Mobile-Sprint Merger, [here](#)
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