

November 28, 2018

The Honorable Jerry Nadler
Committee on the Judiciary
U.S. House of Representatives
Washington, DC 20515

The Honorable Frank Pallone
Committee on Energy & Commerce
U.S. House of Representatives
Washington, DC 20515

Dear Congressmen Nadler and Pallone,

The undersigned organizations write to request you, as the current Ranking Members, and likely incoming Chairmen of the Judiciary and Energy & Commerce Committees, to announce your intent to hold hearings regarding the proposed merger between T-Mobile US (T-Mobile) and Sprint Corporation (Sprint). To date, the House of Representatives has yet to hold a hearing on the likely effects of the proposed transaction. We urge you to announce as soon as possible that you are scheduling hearings in the first quarter of 2019.

Representative Pallone, on April 30th you and Representative Doyle wrote to Chairman Walden and Chairman Blackburn requesting a hearing on the proposed Sprint/T-Mobile merger. You correctly pointed out that due to its “primary jurisdiction over the wireless industry, [the Energy and Commerce Committee has] a responsibility to understand the potential effect of this merger on consumers, workers, and the communications market.” You added that “the merger would create a new wireless behemoth by shrinking the number of nationwide wireless providers from four to three.” You went on to say that the Committee should explore the merged entity’s foreign ownership; whether 5G deployment is helped by the proposed merger, despite the fact that both T-Mobile and Sprint have invested in 5G already; and the state of wireless competition.

We agree. We hope you will now announce your intent to schedule exactly this kind of hearing.

Representative Nadler, in May of this year you stated on the House floor that the “decline of antitrust enforcement over the past several decades has been an economic catastrophe for millions of workers who have lost their jobs or have seen their wages lowered.” You added that the effects of weak antitrust enforcement are broader than just rising prices to consumers, but also include wage suppression, withering small businesses, and threats to our democracy.

Representative Cicilline called for, “cracking down on big corporate mergers that hurt consumers, workers, and competition” last July during the release of the “Better Deal” economic agenda.

We agree. Announcing hearings to examine the single largest pending wireless telecommunications merger, and one of the largest in the nation’s history, would be an excellent first step to implementing your vision for stronger antitrust enforcement, protecting consumers, promoting competition, and standing up for American workers.

We look forward to working with you on this important matter.

Sincerely,

American Antitrust Institute
Center for Media Justice
Common Cause
Communications Workers of America
Consumer Reports
Fight for the Future
Free Press Action
The Greenlining Institute
National Consumer Law Center, *on behalf of its low income clients*
New America's Open Technology Institute
Open Markets Institute
Public Knowledge
Rural Wireless Association
Writers Guild of America West

cc: returning Members of the Committee on the Judiciary
returning Members of the Committee on Energy & Commerce

Leaders from organizations signing onto the letter stated the following:

Diana Moss, President at American Antitrust Institute (AAI): “A Sprint-T-Mobile deal would complete the rollup of the national U.S. wireless market, creating the “Big 3” with strong incentives to collude rather than compete. Consumers and workers have a right to competition. DOJ should block this deal.”

Erin Shields, National Field Organizer, Internet Rights at The Center for Media Justice: “In an already highly consolidated market, the potential merger of Sprint and T-Mobile signals the end of affordable plans, will lead to the loss of jobs for workers based in brick-and-mortar stores, and impacts the distribution of subsidies through the federal Lifeline program. These issues will be compounded in low-income communities and communities of color who already face limited options for mobile carriers. T-Mobile and Sprint insist only positive outcomes from the merger, but history has taught us that mergers never live up to their promise. The Center for Media Justice urges incoming committee chairpersons to take into account the credible impacts on already struggling communities and commit to holding a hearing to seriously examine these claims.”

Yosef Getachew, Director of Media and Democracy Program at Common Cause: “The wireless industry is already highly concentrated and will only get worse if T-Mobile and Sprint are allowed to combine. The merger would result in higher prices, fewer choices, and disproportionately impact millions of low-income Americans and marginalized communities that rely on T-Mobile and Sprint for more affordable services. The Energy and Commerce Committee has a responsibility to closely scrutinize this merger and ensure there is robust competition and affordable communications services for all Americans.”

Debbie Goldman, Research and Telecommunications Policy Director at the Communications Workers of America (CWA): “The proposed T-Mobile/Sprint merger will eliminate 30,000 jobs across the country, while reducing competition and raising prices for consumers, especially for price-conscious pre-paid wireless customers. Meanwhile, it raises significant national security concerns and would fail to bring broadband to rural communities. The House Energy and Commerce and Judiciary Committees can play important roles in exploring the merger’s potential anti-competitive effects and shining a light on its potential impact on American workers and consumers.”

George Slover, Senior Policy Counsel at Consumer Reports: “Wireless is one of the few telecommunications markets where we see real head-to-head competition delivering benefits for consumers. We need to preserve this dynamic that comes from having both T-Mobile and Sprint in the marketplace, competing vigorously and independently against each other, and against AT&T and Verizon. The supposed benefits the companies are promising are speculative, don't require a merger to achieve them, and certainly aren't worth the costs to consumers. Hearings in the House will help shed further light on the problems with allowing these two telecom giants to combine forces.”

Gaurav Laroia, Policy Counsel at Free Press Action: “The proposed merger is a terrible deal for mobile customers. The cellular market is highly concentrated, and going from four competitors to three only makes this bad problem worse - leading to even higher prices and worse service. Right now, T-Mobile and Sprint compete vigorously for value-conscious customers by offering innovative and affordable plans through their pre-paid subsidiaries. These plans are disproportionately used by lower income customers and people of color who are often shut out of the higher-tier service plans due to discriminatory credit scoring. Members of Congress representing these constituencies should demand that these committees hold hearings on the merger’s harms to these underserved communities.”

Joshua Stager, Senior Policy Counsel at New America’s Open Technology Institute: “With just four major wireless carriers, Americans already have too few choices. This merger would make things worse, leaving three carriers with control of 98 percent of the market. We've seen in other countries that four-to-three is a critical tipping point, after which markets become hopelessly anticompetitive. The government should block this deal, just as it did seven years ago when AT&T tried to buy T-Mobile.”

Barry Lynn, Executive Director at Open Markets Institute: “T-Mobile and Sprint would mean higher prices and worse service for wireless phone customers, in urban and especially in suburban and rural communities. This should be a slam dunk "no" for the DOJ. Congress also needs to step up and hold hearings to show Americans - and the DOJ - that this next Congress is serious about combating the rise of corporate power.”

Phillip Berenbroick, Senior Policy Counsel at Public Knowledge: “The proposed T-Mobile/Sprint transaction poses significant harms to wireless consumers and competition. Previously, the Department of Justice and the Federal Communications Commission blocked

proposed mergers that would have reduced the number of nationwide wireless providers from four to three. They did so on the basis that additional consolidation would lead to higher prices for consumers, poorer quality of service, and reduced incentives for wireless carriers to invest in their business and even compete against each other. Incoming leadership of the House Judiciary and Energy and Commerce Committees should commit to holding hearings to investigate the likely harmful effects of a combined T-Mobile/Sprint on both wireless competition and consumer pocketbooks.”

Carri Bennet, General Counsel at Rural Wireless Association (RWA): “The proposed transaction will be detrimental to the roaming market. Eliminating a roaming competitor harms not only those living in rural America, but also those traveling in rural America. T-Mobile’s roaming rates are 20 times higher than those of Sprint. Eliminating Sprint will drive roaming rates up, making it impossible for many rural carriers to provide affordable service to their rural customers. This merger will further increase the digital divide in rural America setting us back instead of advancing us forward.”

Laura Blum-Smith, Director of Research & Public Policy at Writers Guild of America West: “The proposed combination of Sprint and T-Mobile endangers the already limited competition that exists in wireless broadband, and would give an even smaller number of firms increased power over consumers and online video distributors while threatening higher prices and fewer choices. WGAW encourages the new leadership in the House Energy and Commerce and Judiciary Committees to implement its pro-consumer and pro-competitive agenda by scheduling hearings to examine the myriad harms this merger presents.”

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