



*Excellence in Truth and Service*

Cathy Hughes School of Communications  
Department of Communication, Culture and Media Studies

January 9, 2019

Mr. Ajit Pai, Chairman  
Federal Communications Commission  
445 12<sup>th</sup> St, SW  
Washington DC, 20054

RE: Docket No.: 18-197

Dear Commissioner Pai:

We submit this comment out of concern for the proposed merger between T-Mobile US, Inc. (T-Mobile) and Sprint Corporation (Sprint). In agreement with many others, we of Howard Media Group urge the Commission to consider the injurious consequences that this proposed merger could cause, and therefore deny the merger. The three primary consequences we address in this comment are:

- (1) the likelihood of harm resulting from the anticompetitive nature of the merger, which would harm the wireless market, as well as the prepaid and wholesale mobile markets, hurting already marginalized low-income consumers;
- (2) the likely elimination of 30,000 jobs if the merger is approved;
- (3) the unlikely delivery of 5G network services to rural consumers after an approved merger.

The following provides an explanation for each of these.

(1) The likelihood of harm from the resulting merger is of specific concern to the Howard University constituency that we represent, which is African Americans, other people of color, and other under-represented groups. The Commission's decisions and policies have continued to relax and thereby allow the further consolidation of media ownership. Media consolidation is not in the public interest.

Similar mergers in the past have shown the higher likelihood of harm, rather than the proposed benefits proponents of the merger claim. For example, the merger between Sprint and Nextel in 2005 took years to integrate technologies creating large losses in revenue and subscribers,

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resulting in the merger being listed among the worst mergers of the 2000s.<sup>1</sup> This danger aside, if the T-Mobile/Sprint merger is permitted, there is very little evidence that this would increase competition. Rather, as others have noted, the three firms would instead have reduced incentive to compete on network quality, price, or customer service.<sup>2</sup> The consequences of these risks are higher for those low-income and marginalized groups already being neglected by past FCC decisions.

A related likely harm resulting from the noncompetitive nature of the merger is impact on worker earnings across the telecommunications industry. Recent research by economists at the Economic Policy Institute and Roosevelt Institute finds that the merger would reduce earnings in the affected labor markets, with weekly earnings declining by as much as \$63 on average in the top 50 U.S. markets, an annual loss of \$3,276<sup>3</sup>. More important, the sheer size and power of the new conglomerate created by the merger would enable it to set wages across this part of the telecommunications industry, a phenomenon affecting local labor markets nationwide.

(2) The likelihood that thousands of jobs and the closure of local retail outlets raises serious concerns. The Communications Workers of America (CWA) has done extensive research which predicts that the merger would result in the loss of 30,000 jobs in the U.S., with the larger majority of those jobs being retail store closures.<sup>4</sup> Very few job losses would come from higher positions at T-Mobile and Sprint headquarters. Therefore, not only are the loss of jobs detrimental to the market, the majority of jobs being lost would most likely be those of middle and working class pay brackets, hurting solely those constituents. Similar conclusions have come from other researchers as well, including MoffettNathanson Research.<sup>5</sup> We would like to point out the fact that in the Washington, DC, metro area, where Howard University is located, the

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<sup>1</sup> Kent German, Bloomberg ranks Sprint Nextel deal among worst mergers, CNet, Aug. 18, 2010, <https://www.cnet.com/news/bloomberg-ranks-sprint-nextel-deal-among-worst-mergers/>.

<sup>2</sup> Getachew et al. 2018. Petition to deny of Common Cause, Consumers Union, New America's Open Technology Institute, Public Knowledge & Writers Guild of America, West, Inc.

<sup>3</sup> A. Abdela & M. Steinbaum, Labor Market Impact of the Proposed Sprint-T-Mobile Merger, Economic Policy Institute and Roosevelt Institute (December 17, 2018), [www.epi.org/159194](http://www.epi.org/159194)

<sup>4</sup> CWA Calls on Sprint and T-Mobile to Make Binding Commitments to Address Potential Job Loss and Respect Workers' Rights, Communications Workers of America (June 26, 2018), <https://www.cwaunion.org/news/releases/cwa-calls-on-sprint-and-t-mobile-make-binding-commitments-address-potential-job-loss>.

<sup>5</sup> Methodology for Estimating Job Losses from T-Mobile/Sprint Merger, Communications Workers of America (June 26, 2018), [https://www.cwaunion.org/sites/default/files/tmobile\\_sprint\\_estimating\\_job\\_losses\\_20180626.pdf](https://www.cwaunion.org/sites/default/files/tmobile_sprint_estimating_job_losses_20180626.pdf).

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majority of staff in T-Mobile and Sprint retail stores are people of color. This may also be true in other markets.

(3) Finally, and most evident when considering the current state of the digital divide in the U.S., there is little evidence to show that rural Americans will significantly benefit from the proposed

merger. As others have also observed, the anticompetitive nature of the merger seems more likely to exacerbate the situation.<sup>6</sup> Proponents of the merger seem to believe that the benefits of a 5G network will in turn help those in more rural areas, but the small economies of scale in these areas that disincentivized the spread of the technology from Sprint, T-Mobile, AT&T, and Verizon in the first place have not changed, leaving these claims unfounded. Also, even if 5G were to be available in these areas, there is very little evidence that it could compete with fixed broadband.<sup>7</sup>

For these reasons, we at HMG firmly believe that the Commission should severely scrutinize the claimed benefits of the proposed merger between T-Mobile and Sprint. We also urge the Commission to seriously consider the very real consequences the merger could pose for those in lower income brackets and marginalized communities of color, and the more recent historical trend of neglect for these communities having taken place in past decisions by the Commission. Once these considerations are taken into account, we strongly believe that the denial of the proposed merger between T-Mobile and Sprint will emerge as the compelling course of action.

As communication scholars dedicated to Howard University's mission for advocating for the civil and human rights of all, and especially those groups historically marginalized and disenfranchised, we urge the Commission to prioritize these serious concerns. The Howard Media Group is a research collaborative composed of faculty and doctoral students in communication at Howard University. Our specific research concern is with communication policy, particularly with respect to advancing policy in the public interest.

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<sup>6</sup> Getachew et al. 2018. Petition to deny of Common Cause, Consumers Union, New America's Open Technology Institute, Public Knowledge and Writers Guild of America, West, Inc.

<sup>7</sup> 5G: Known Unknowns, New Street Research, at 8 (Apr. 17, 2016), [www.newstreetresearch.com/download/5G%20April%202016%20slides.pdf](http://www.newstreetresearch.com/download/5G%20April%202016%20slides.pdf).



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Respectfully,

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