

## Verizon's Worrisome Cable Deals:

AT&T's decision to drop its bid for T-Mobile is a victory for the Justice Department and the Federal Communications Commission, which steadfastly opposed a deal that would have locked the wireless market into a duopoly and been bad for consumers. But the battle to defend competition in telecommunications is hardly over.

As regulators moved to block the AT&T deal, Verizon Wireless was buying big chunks of spectrum from the nation's largest cable carriers and signing agreements with them to sell each other's services to consumers around the country.

The deals could have the positive effect of putting to use spectrum that cable companies bought at auction in 2006, and encouraging Verizon to roll out new high-tech wireless services. But the potential for these agreements to curtail competition in both wireless and wireline industries is troubling, and should be examined by the Justice Department and the F.C.C.

Verizon — Verizon Wireless's main shareholder — relieved itself of the need to expand FiOS, its high-speed, fiber optic network, beyond the 18 million homes it set out to reach six years ago, a rollout that cost \$23 billion. For the other 114 million homes in the country, it can simply bundle its wireless service with the cable and wireline broadband services of its partners. The agreement between Verizon and the cable carriers includes a joint venture to develop technology to integrate the wireline and wireless platforms.

Verizon's cable deals squashed hopes that cable carriers' purchases of wireless spectrum would lead to more competition against the dominant players, AT&T and Verizon Wireless. And it puts in doubt whether FiOS will ever be a serious competitor to cable, reducing the likelihood that video transmitted over broadband could break up cable's regional oligopolies. When Congress deregulated telecommunications 15 years ago, it was counting on a burst of competition among phone companies, cable carriers and other high-tech newcomers. Instead, we have seen a relentless push for consolidation within and across technological platforms, carving the market into national and regional oligopolies.

Promoting vigorous competition may require Congress to enhance regulators' oversight of cross-platform deals. Antitrust suits are hard to win on all but the most obviously anticompetitive mergers in which the companies are in precisely the same business. Antitrust law may not be able to prevent wireless, wireline and cable from merging into one industry. And the F.C.C. has defined broadband as mostly outside its scope, and so has limited powers to regulate that pivotal market. Verizon's deals suggest a future in which cable carriers will get uncontested control of high-speed broadband into the home while AT&T and Verizon will get uncontested control over wireless. For consumers with expensive wireless plans, pricey bundles of cable channels and costly, slow broadband, this does not look like good news.