

In 1984 just 2 years after the Justice Department and AT&T agreed to an antitrust settlement the company agreed to break itself up into several firms. One firm AT&T Corporation would provide long distance phone service and seven other firms ("Baby Bells") provided local telephone service in different regions. The Department of Justice apparently felt that a vertically integrated telephone company, one that provided local and long distance service, was not required for productive efficiency, or that there were other offsetting gains from the divestiture. According to reports AT&T agreed to the breakup in exchange for regulatory permission to enter the computer equipment business.

According to the Department of Justice the vertical structure of the company provided an opportunity for unfair competition against other providers of long-distance service. For example, by charging high local rates or by providing poor local service to other providers of long-distance service (which require local service), AT&T could harm long-distance competitors. Another concern of the Department of Justice was the difficulty of monitoring cost-shifting among AT&T's regulated (telephone) and other relatively unregulated businesses (such as the manufacture of telephones and other equipment). The resulting breakup of the telephone company presumably mitigated the government's concerns.

In 1996 SBC Communications one of the Baby Bells broken up from AT&T made an attempt to re-merge but was shot down by the Justice Department and the FCC under the Clinton Gore Administration. Then FCC Chairman Reed Hundt called the deal unthinkable so why just a few short years later did a new Department of Justice and FCC Chairman under the Bush Cheney Administration allow the re-merger of SBC Communications with AT&T and subsequent re-merger with Bell South? Even worse they allowed AT&T Wireless to become a part of the new Ma Bell (AT&T Inc.,) and for AT&T Wireless to acquire Cingular Wireless and Dobson Wireless after which point the wireless unit was renamed AT&T Mobility.

The U.S. Government should not allow AT&T Inc., or its wireless unit to grow any larger and should consider re-breaking up the Ma Bell system again if possible to recreate the competition lost from the re-mergers. I am glad the Justice Department and FCC denied the AT&T T-Mobile merger as that would have been egregious. I humbly request the FCC now approve the license transfer of spectrum from AT&T to T-Mobile USA after conducting a full review of the transaction as this will benefit T-Mobile and its users.