

The FCC needs to call AT&T's bluff and dare it to boycott a major spectrum auction

Earlier this week, AT&T did the carrier equivalent of threatening to take its ball and go home if it doesn't get exactly what it wants. The Federal Communications Commission needs to show that it's prepared to let Ma Bell walk away in a huff.

As Re/code informs us, AT&T has said that it will reconsider whether it will even take part in next year's hugely important auction for spectrum on the 600MHz band unless the FCC reverses its decision to reserve about 30MHz worth of licenses on the band for smaller carriers.

"AT&T has never declined to participate in a major spectrum auction and certainly did not intend to do so here," wrote AT&T VP of federal regulatory issues Joan Marsh in a letter to the FCC.

"But if the restrictions as proposed are adopted, AT&T will need to seriously consider whether its capital and resources are directed toward other spectrum opportunities that will better enable AT&T to continue to support high quality LTE network deployments to serve its customers."

The reason that AT&T's threat to boycott the auction might spook the FCC is that the commission is under pressure from Congress to raise a certain amount of revenue from the spectrum auction. If AT&T decided against bidding in the auction, it might make raising the required money significantly harder.

Nonetheless, the FCC should decide to call AT&T's bluff, and it should at all be a difficult decision.

In the first place, I have an extremely hard time believing that AT&T will really sit idly by while licenses for spectrum on the 600MHz band are sold off to rivals Verizon, Sprint and T-Mobile. The 600MHz band, which had previously been used by television broadcasters, is beach-front property spectrum and it's impossible to imagine AT&T not doing everything in its power to grab as much of it as it can, particularly because T-Mobile has done a lot to make the U.S. wireless market much more competitive over the last year.

Second, if AT&T really did boycott the auction, would that really be such a bad thing? Both Verizon and AT&T absolutely dominated the last major spectrum auction for the 700MHz band and the result has been that Sprint and T-Mobile have been left at a major disadvantage when it

comes to having contiguous spectrum on low-frequency bands. AT&T's absence could give Sprint and T-Mobile a chance to grab some of this incredibly valuable spectrum that they can use to vastly improve the quality of their mobile data networks.

The goal of a spectrum auction shouldn't be to maximize revenue for the government, it should be to maximize the benefits to consumers that come from allocating a public good. If AT&T has a problem with that then the FCC should say that it's prepared to go through with the auction no matter how much potential extra revenue it's leaving on the table.