

# The T-Mobile/Sprint Merger Would Mean Fewer Jobs, Higher Prices, Less Competition, and Leave Rural America Behind

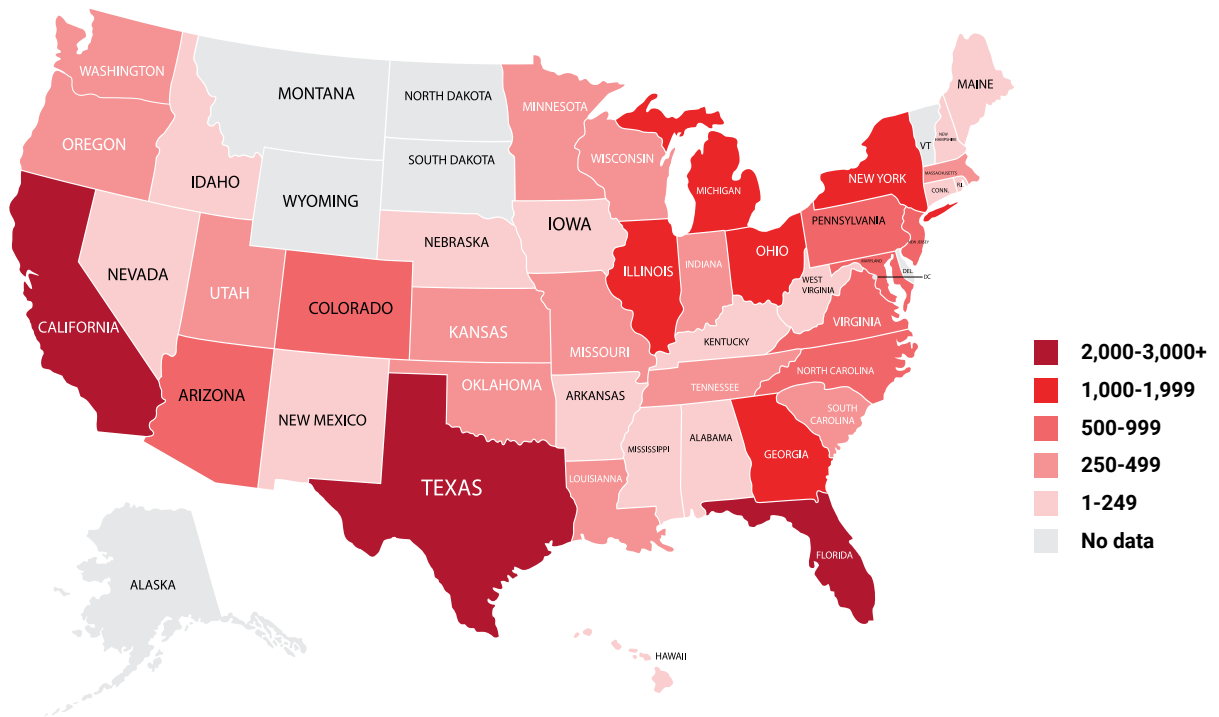
The proposed T-Mobile/Sprint merger is bad news for American workers and consumers. While T-Mobile and Sprint are making vague promises that the merger will create thousands of U.S. jobs, the data and the companies' track records tell a different story.

## Bad for American Jobs and Workers

The merger will result in the loss of 30,000 jobs nationwide – about 25,500 jobs due to overlapping retail store closures and another 4,500 jobs due to duplicative functions at corporate headquarters.<sup>1</sup>

Workers' wages will suffer too. The proposed merger will leave retail wireless workers worse off by reducing the number of national wireless retail employers from four to three. Fewer employers means reduced competition for labor, which leads to lower wages and reduced benefits.<sup>2</sup> Collective bargaining can help counter this effect, but T-Mobile and Sprint have long histories of violating workers' rights and sending jobs overseas.<sup>3</sup>

## Estimated Retail Job Loss by State



## Bad for Consumers - Less Competition Means Higher Prices

T-Mobile and Sprint are each other's biggest competitors. Eliminating their head-to-head competition would mean higher prices for consumers, especially for price-conscious low- and moderate-income customers of their prepaid brands, Boost (Sprint) and MetroPCS (T-Mobile). Economists estimate that reduced competition would increase prices as much as 15.5% on the new T-Mobile's pre-paid plans and as much as 9.1% for the post-paid plans.<sup>4</sup>

The U.S. Department of Justice (DOJ) uses an HHI index to calculate the competitive impact of a merger. DOJ presumes anti-competitive impact for transactions that increase the HHI by more than 200 points in highly concentrated markets such as wireless. This merger would exceed the DOJ benchmark for anti-competitive mergers by more than 500 points. Combining the companies' pre-paid brands would exceed the HHI benchmark by more than 1,000 points.<sup>5</sup>

Spectrum is a key input for wireless networks. The New T-Mobile will exceed the Federal Communications Commission's (FCC) spectrum screen in almost 2/3 of the U.S. counties, where 92 percent of the U.S. population lives.<sup>6</sup>

### Rural America Still Left Behind

This merger would still leave the majority of rural Americans without access to high-speed wireless. Sprint does not own low-band spectrum which is ideal for rural areas because it propagates over long distances. As a result, the New T-Mobile will not see improvement in rural coverage. The companies' own FCC filings show that by 2024, 46 million Americans, mostly in rural areas, will still be left without access to the New T-Mobile's high-capacity network.<sup>7</sup>

### The Merger is not Necessary for Deployment of Next Generation 5G Wireless

T-Mobile and Sprint tell regulators that they need the merger to build 5G wireless. But the companies sing a different tune when talking to investors. As recently as Oct. 2018, T-Mobile told investors it will build 5G as a stand-alone company in "hundreds of cities" across the U.S. in 2018 and a national 5G network by 2020.<sup>8</sup> The same month, Sprint announced it will launch its 5G network in the first half of 2019.<sup>9</sup> These companies do not need to merge to deploy 5G.

### The Merger Raises Serious National Security Concerns

Congress and the FCC have raised concerns about national security risks from networks using Chinese government owned Huawei and ZTE equipment. Sprint and its Japanese majority owner Softbank, as well as T-Mobile's German majority-owner Deutsche Telekom have used Huawei equipment in their networks.<sup>10</sup>

**The Bottom Line? The proposed merger between T-Mobile and Sprint is bad for consumers and workers. Regulators should not approve the merger without verifiable and enforceable commitments to protect jobs and respect workers' rights and to protect against national security risks.**

<sup>1</sup>CWA Reply Comments on the merger filed with the Federal Communications Commission, pp. 54-71, Oct. 31, 2018: [https://cwa-union.org/sites/default/files/cwa\\_t-mobile\\_sprint\\_reply\\_comments\\_20181031\\_public.pdf](https://cwa-union.org/sites/default/files/cwa_t-mobile_sprint_reply_comments_20181031_public.pdf)

<sup>2</sup>CWA Comments on the merger filed with the Federal Communications Commission, pp. 65-67, Aug. 27, 2018: [https://cwa-union.org/sites/default/files/cwa\\_t-mobile-sprint\\_comments\\_8-27-2018.pdf](https://cwa-union.org/sites/default/files/cwa_t-mobile-sprint_comments_8-27-2018.pdf).

<sup>3</sup>T-Mobile has been found guilty of violating U.S. labor law six times since 2015 and subject to approximately 40 unfair labor practice charges since 2011. CWA Comments, pp. 67-70.

<sup>4</sup>Joint Declaration of Joseph Harrington, Coleman Bazelon, Jeremy Verlinda, and William Zarakas, The Brattle Group, Exhibit B, p. 10 of DISH Network FCC Petition to Deny, Aug. 27, 2018: <https://ecfsapi.fcc.gov/file/108271088719800/REDACTED%20DISH%20PTD%20Sprint%20TMO%208-27-18.pdf>.

<sup>5</sup>CWA Comments, pp. 21-23.

<sup>6</sup>Id pp. 16-21.

<sup>7</sup>Declaration of Andrew Afflerbach, Ph.D., P.E., CWA Comments, Appendix A, pp. 12-13.

<sup>8</sup>T-Mobile Press Release, Oct. 30, 2018.

<sup>9</sup>Sprint 2Q18 Earnings Call Transcript, Oct. 31, 2018.

<sup>10</sup>Pub. L. 115-91, 131 Stat. 1283, 1762, Sec. 1656 (barring selected Defense Department contractors from using Huawei and ZTE equipment). See CWA Comments, pp. 77-74.