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Congress of the United States
House of Representatives
Washington, DC 20515–2213

February 28, 2019

Ajit Pai
Chairman
Federal Communications Commission
445 12th Street SW
Washington DC 20554

Makan Delrahim
Assistant Attorney General, Antitrust Division
U.S. Department of Justice
950 Pennsylvania Ave NW
Washington DC 20530

Dear Chairman Pai and Assistant Attorney General Delrahim,

We write to express our opposition to the proposed merger between T-Mobile and Sprint.

While it may make business sense to executives, this is a bad deal for the American people. The proposed merger would kill American jobs, reduce competition in the already highly concentrated wireless market, and raise prices for consumers – with particular harm to low- and moderate- income consumers and people of color. Despite claims to the contrary, the record shows that the merger will not benefit rural America and that T-Mobile and Sprint do not need to merge to deploy next-generation 5G wireless networks.

This deal is designed to destroy jobs and drive down wages, hurting American workers and consumers and threatening our economy. The merger would 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.[1] Workers' wages will suffer too. Reducing the number of national wireless retail employers from four to three means reduced competition for labor, which leads to lower wages of as much as $3,300 per year. [2] Collective bargaining can help counter this effect, but T-Mobile and Sprint have long histories of violating workers' rights and sending jobs overseas.[3] If this Administration is committed to preserving well-paying American jobs and economic growth, this merger cannot proceed.

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[1] CWA Reply Comments, WT Docket No. 18-197 (Oct 31, 2018), pp. 54-71.
[2] Economic Policy Institute and Roosevelt Institute, "Labor market impact of the proposed Sprint-T-Mobile merger" (December 2018).
[3] 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. T-Mobile and Sprint offshore call center work to the Philippines, Guatemala, Honduras, India, Mexico, Panama, the Dominican Republic, Costa Rica, and Canada. CWA Comments, WT Docket No. 18-197 (Aug. 27, 2018), pp. 60-61 and 67-70.

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A T-Mobile and Sprint merger would also disproportionately hurt lower income people and communities of color. Eliminating the head-to-head competition between T-Mobile and Sprint would mean higher prices for consumers, especially for price-conscious low- and moderate-income customers of their prepaid brands, Boost (Sprint) and Metro (T-Mobile). Economists estimate that reduced competition would increase prices as much as 15.5 percent on the new T-Mobile's pre-paid plans and as much as 9.1 percent for the post-paid plans.[4] T-Mobile's and Sprint's prepaid brands and their wholesale partners serve 60 percent of the prepaid market.[5] Almost one-third of these customers have annual incomes below $25,000.[6] T-Mobile and Sprint, and their prepaid subsidiaries (Metro, Boost, Virgin Mobile), have a disproportionately high percentage of customers in communities of color.[7] Many of these consumers depend on their smartphones to connect to the internet, and higher prices will only widen the digital divide. People rely on wireless devices and internet services to accomplish their most basic daily tasks, and this merger would cause untold hardships for countless people.

This merger will leave the majority of rural Americans without access to high-speed wireless. Sprint does not own the low-band spectrum which is ideal for rural areas. 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.[8]

Moreover, T-Mobile and Sprint do not need to merge in order to build 5G networks. Before they announced plans to merger, both T-Mobile and Sprint announced their plans to launch stand-alone 5G networks, and both companies continue to tell investors that they will build robust 5G networks as independent companies.[9]

The proposed merger will kill American jobs and drive down workers' salaries. It will drive up prices for those who can least afford it and fails to cover millions of rural Americans already struggling for affordable access to high-speed networks. Both companies have the capacity and indeed intend to build 5G networks absent a merger. **The sole reason for this merger between T-Mobile and Sprint appears to be helping a handful of individuals get significantly wealthier.** We urge you to reject the proposed merger of T-Mobile and Sprint and put the American people ahead of corporate profits.

Sincerely,

Rashida Tlaib
Member of Congress

Barbara Lee
Member of Congress

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[4] Joint Declaration of Joseph Harrington, Coleman Bazelon, Jeremy Verlinda, and William Zaras (The Brattle Group), Exhibit B, p. 10 of DISH Network Petition to Deny, WT Docket No. 18-197 (Aug. 27, 2018).
[5] *Id.*, pp. 75-76.
[6] Free Press Petition to Deny, WT Docket No. 18-197 (Aug. 27, 2018), p.69, Fig. 10.
[7] The percent of each carrier's customers that are persons of color are: T-Mobile (57%), Metro-PCS (62%), Sprint (45%), Boost (57%). Contrast this with AT&T Mobility (35%) and Verizon Wireless (27%). Free Press Petition to Deny, WT docket No. 18-197 (Aug. 27, 2018), Figure 11, p. 70.
[8] CWA Comments, WT Docket No. 18-197 (Aug. 27, 2018), Appendix A, pp.12-13.
[9] T-Mobile 3Q2018 Earnings Report, Oct. 30, 2018; Sprint 2Q2018 Earnings Call Transcript, Oct. 31, 2018.

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