



July 19, 2011

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th St. SW
Washington, DC 20554

Re: WT 11-65, Applications of AT&T Inc. and Deutsche Telekom AG For Consent To Assign or Transfer Control of Licenses and Authorizations

Dear Ms. Dortch:

PK would like to bring two matters to the Commission's attention: First, data showing that the number of jobs in the wireless industry has decreased by 20% since 2006; and second, information suggesting that AT&T and Verizon's networks will use incompatible equipment. These facts add to an already-voluminous record that demonstrates why the merger between AT&T and T-Mobile should be denied.

Consistent With Past Mergers, This Merger Would Threaten Jobs

AT&T has chosen to make jobs a key component of its advocacy. It argues that the merger would “job-creating ripple effects throughout the economy, particularly in rural areas.”¹ Its argument rests on the claim that greater consolidation will allow it to build out its network more quickly. Therefore, it claims, it will both hire more people directly as well as create employment opportunities for suppliers and support workers.²

But history demonstrates otherwise. As reported by the Wall Street Journal, Labor Department figures show that since 2006, the number of wireless industry workers has shrunk by about 20%.³ Industry executives cite “efficiencies” as one of the primary reasons they've been able to slash so many jobs. But they neglect to mention that a major source of these “efficiencies” has been the elimination of jobs through mergers. Since 2006, the industry has contracted significantly as AT&T merged with Cingular and Verizon merged with AllTel, along with numerous smaller mergers. There is every reason to suppose that this merger would follow a similar pattern and allow the merged company to increase its “efficiency” by cutting jobs. T-Mobile's workforce—one of the most diverse in the country⁴—is likely to be hardest hit.

Nor is there reason to credit AT&T's claim that, post-merger, it will increase its build-out and create new (temporary) jobs in the areas where it improves its network. Nothing is stopping AT&T from improving its network today—all of the obstacles it cites can be overcome by means other than purchasing T-Mobile. T-Mobile, too, can maintain its technological lead over AT&T in many different ways. Merger is not the only way for either network to improve its service, nor

¹ Joint Opposition Of AT&T Inc., Deutsche Telekom AG, and T-Mobile USA, Inc. To Petitions To Deny And Reply To Comments, Wt Docket No. 11-65, June 10, 2011, at 84.

² Joint Opposition at 99.

³ Anton Troianovski, *WSJ: Wireless Jobs Evaporate Even As Industry Expands*, WALL STREET JOURNAL, July 17, 2011, <http://online.wsj.com/article/BT-CO-20110717-704259.html>.

⁴ CNNMoney, Top Companies: Most Diverse, <http://money.cnn.com/magazines/fortune/bestcompanies/2009/minorities>.

is it the only way to create jobs through increased build-out. The best way for the Commission to ensure that all carriers—including AT&T, Verizon, Sprint, and T-Mobile, as well as any regional carriers—have the incentive to improve their network infrastructure, is to maintain the competitiveness of the wireless industry by blocking the merger, and requiring that AT&T win over customers instead of buying them. AT&T's promises that it will begin investing in rural areas after the merger should not be enough to overcome the economic principles that show it would have less incentive to do so in a less competitive environment.

Fortunately, the past few years have not been all bad news for wireless jobs. The wireless applications and services market is open to players of all size, from one-man shops like Instapaper, to start-ups like Flipboard, to Internet giants like Google. Consequently, as the Journal notes, thousands of jobs have been created in this sector. It is therefore ironic that this merger threatens to kill the golden goose by increasing the power of the gatekeepers that stand in the way of application developers and their customers.⁵

Incompatible LTE Networks Are A Further Sign of Roaming Troubles To Come

PK has argued that the merger would create a national GSM monopoly which would raise costs for customers of regional and international GSM carriers. It is important to note that the rollout of LTE by both AT&T and Verizon as their next-generation network technology does nothing to solve this. Even leaving aside the problems that will be faced by non-LTE roamers, AT&T and Verizon LTE phones will not be compatible with each other. AT&T customers will not be able to use Verizon LTE phones with their plans, and vice versa. Customers of neither carrier will be able to roam onto the other's network.⁶ International or regional LTE customers might be able to roam onto only one, or none, of the nationwide LTE networks. Consumers will face higher equipment costs due to the smaller and more fragmented markets the carriers create, and dual-network phones are unlikely to come to market without buy-in from AT&T and Verizon. In short, by itself the transition to LTE is likely to complicate roaming—and elimination of T-Mobile will only exacerbate this.

Respectfully submitted,

/s John Bergmayer
Senior Staff Attorney
Public Knowledge

⁵ See John Bergmayer, *App Developers Need Competition, Not Consolidation in the Wireless Industry*, PUBLIC KNOWLEDGE POLICY BLOG, July 14, 2011, <http://www.publicknowledge.org/blog/app-developers-need-competition-not-consolida>.

⁶ Sascha Segan, *Verizon LTE Phones Probably Incompatible With AT&T*, PC MAG, July 14, 2011, <http://www.pcmag.com/article2/0,2817,2388526,00.asp>.