

Opening Statement
Chairman Frank Pallone, Jr.
Committee on Energy and Commerce
Subcommittee on Communications and Technology
Hearing on “Protecting Consumers and Competition: An Examination of the T-Mobile and
Sprint Merger”
February 13, 2019

Today is our first hearing since the loss of our Chairman John Dingell. It is fitting that this room is named the John D. Dingell Room. After all, over 28 years as the top Democrat on this Committee and over his nearly 60 years in this House, he fought to ensure the Committee maintained its broad jurisdiction, had deliberative debates, followed regular order, conducted robust oversight and produced legislation in the public interest. We will all have an opportunity to remember and pay tribute to our Chairman this Friday morning at a special Committee meeting.

In keeping with his tradition, today, we focus our microscope on the proposed merger of two of the four large, nation-wide wireless phone carriers—T-Mobile and Sprint. Collectively, these companies directly employ more than 80,000 people, and serve more than 130 million customers.

These companies are no stranger to merger discussions. In 2011, a struggling T-Mobile was almost purchased by AT&T, but was blocked by the Obama Administration, and T-Mobile nevertheless went on to flourish.

T-Mobile and Sprint attempted to merge two years later but abandoned the deal after competition concerns were raised by regulators. Now, once more, the parties are seeking approval to merge.

This hearing marks the first time in eight years that the Committee has met to evaluate the consequences of any merger.

For too long, this House and this Committee shirked that responsibility. But now, we resume the practice of reviewing major acquisitions, so we can fulfill our obligation for the people to determine how this proposed consolidation will affect consumers, workers, public safety and network resiliency, competition, and future innovation.

For the last eight years major industry consolidation occurred without any oversight, and the consequences of that negligence have been borne by consumers and hardworking Americans. In the past, we've seen mergers jack up consumer prices, cut away meaningful choices, and outsource, undercut, and eviscerate good paying jobs.

We've seen previous merger conditions that weren't met or weren't enforced. We've seen the public interest, in all of its forms, undermined, and that is why we must look carefully at these issues before a merger is approved.

In this case, the transaction is currently being reviewed by the Federal Communications Commission (FCC) as well as the Department of Justice. As part of our oversight responsibility,

we must make sure that the FCC is carefully reviewing the facts and keeping consumers' best interests in mind when deciding the fate of the merger.

I know we're going to have many hard questions today, because the facts surrounding this merger are so in dispute.

For example, Mr. Legere says that New T-Mobile won't raise consumer prices. But others say his company's filings acknowledge consumers could see price hikes—some argue by up to 15 percent—with the merger being particularly hard on the poorest consumers.

How can we be sure that consumers who can least afford to pay more are not harmed by the merger? T-Mobile filed a letter committing not to raise prices with the FCC. Putting aside whether that is sufficient, there is a serious question as to whether the Trump FCC would be willing to impose any conditions in a merger order.

Mr. Legere says that the merger of T-Mobile and Sprint will be a net job creator on day one, but the Communications Workers of America say we should expect a loss of 30,000 jobs. The truth will have long term implications for American families across the country.

Mr. Legere says that New T-Mobile will create a world-class 5G network, but opponents say that both T-Mobile and Sprint have committed to investors to deploying 5G Networks as separate, and independent, companies. 5G deployment is important and valuable to consumers and the economy and whether the merger expedites 5G roll-out merits consideration.

Mr. Legere says that the merger of T-Mobile and Sprint will help New T-Mobile compete with AT&T and Verizon all while new entrants and cable companies begin to compete in wireless. But smaller carriers worry the merger might snuff out existing and new competitive players that rely on wholesale access to T-Mobile and Sprint's networks. To this end, we must understand not only how the merger affects the current wireless marketplace but also the marketplace of the future.

And Mr. Legere says that the merger of T-Mobile and Sprint will help New T-Mobile buildout robust, rural broadband, while others argue New-T-Mobile will shutdown 25,000 cell towers across the country. I would like to understand whether this is accurate and whether it will have a negative effect on the resiliency of the wireless network during disasters.

There are a lot of conflicting opinions on the impact of this merger – which makes this hearing so important. I hope that Members will get the straight answers here today.

I yield back.