



AT&T AND T-MOBILE: BAD FOR CREATORS, ENTREPRENEURS, AND THE PUBLIC

THE FACTS

AT&T has been ranked the country's worst cell-phone company,¹ known for high prices, extreme fees, limiting data use, and locking down technologies. Now AT&T wants to buy T-Mobile—a low-cost competitor—rather than invest in improving their notoriously underperforming network.²

BAD FOR JOBS, BAD FOR INNOVATION, BAD FOR YOU: FOUR REASONS TO STOP THE ATTEMPTED MERGER

1. This merger won't create jobs; it will kill them.

- Mergers are often touted as creating “efficiencies,” but this buzzword too often translates to lost jobs. A combined AT&T and T-Mobile could mean tens of thousands of layoffs, including—but not limited to—job cuts at call centers, at retail stores, and in technical services.³
- While some Big Labor leaders support the merger as a way to gain union members in desperate times, AT&T has actually cut 20,500 jobs in recent years while raking in \$36.5 billion in corporate profits.⁴

2. A market-dominating AT&T is a recipe for censorship and restrictions on innovation.

- In 2007, AT&T was caught censoring a live Lollapalooza webcast that included improvised criticism of George W. Bush by Pearl Jam's Eddie Vedder.⁵
- AT&T has required that handset manufacturers cripple features such as wifi, and has blocked the use of certain applications such as Google Voice and Slingbox.⁶
- AT&T has influenced the government to let them—and other wireless companies—legally block online content and charge additional fees to app developers who want to reach people on the AT&T network.⁷

3. The deal will lead to higher prices for creators and the public.

- AT&T effectively caps how much customers can upload and download on their network with high fees for data overages.⁸ This chokehold will limit how independent artists can reach their fans and deliver content over the mobile Internet.

1 <http://news.consumerreports.org/electronics/2010/12/consumer-reports-cell-phone-survey-att-worst.html>

2 <http://www.publicknowledge.org/blog/case-against-attt>

3 <http://www.freepress.net/files/ATT-T-Mobile.pdf>

4 <http://www.media-democracy.net/node/668>

5 <http://arstechnica.com/old/content/2007/08/pearl-jam-censored-by-att-calls-for-a-neutral-net.ars>

6 <http://www.savetheInternet.com/blog/11/03/24/five-things-wrong-atts-mega-merger>

7 <http://www.savetheInternet.com/blog/11/03/24/five-things-wrong-atts-mega-merger>

8 http://hearusnow.org/press_release/new-att-data-caps-limit-consumer-choice-add-to-excessive-overage-charges

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- Wireless prices keep rising, while companies cut operating costs and grow profits. AT&T and Verizon have a long history of raising prices together, including hiking termination fees by hundreds of dollars. Customers will lose the lower-cost options of T-Mobile and will have to buy new handsets and lock into expensive contracts.⁹
- Since AT&T has already established a rules-free environment when it comes to content discrimination via the mobile web, a combined company would have even more incentive to charge big money for access. This would price many creative entrepreneurs out of the marketplace, and set corporate limits on free speech.

4. This illegal merger is what antitrust laws were designed to prevent.

- If the merger is approved, nearly 80 percent of wireless customers in the U.S. will be in the hands of just two companies, AT&T and Verizon.¹⁰ In an already concentrated industry, big business doesn't get much bigger.
- Communities of color and young people—who are drivers of culture and arts—increasingly use wireless networks as their main Internet source.¹¹ They will be most affected by the eradication of what limited competition exists in the wireless marketplace.

9 <http://www.savetheInternet.com/blog/11/03/24/five-things-wrong-atts-mega-merger>

10 http://hearusnow.org/press_release/consumers-union-urges-congress-to-examine-att-t-mobile

11 http://colorlines.com/archives/2011/03/att_plots_t-mobile_merger.html



AT&T AND T-MOBILE: A DANGEROUS DEAL FOR ARTISTS

“AT&T wants to convince us that the merger with T-Mobile is inevitable. We shouldn’t let it.”

—Nancy Scola, *The American Prospect*¹

CONSOLIDATE THE MOBILE INTERNET, RESTRICT INNOVATION

AT&T wants government approval to buy T-Mobile, which would give one company nearly half of the wireless market in the United States.

If this deal goes through, the exciting and still-evolving world of smartphones and the mobile Internet could become more like cable TV or commercial radio—where *they* decide what you see and hear (and how). With just two corporations dominating the country’s wireless media networks, we could soon see a world of pay-to-play schemes and restricted access. That’s bad news for creative entrepreneurs, who need a level playing field to compete in today’s digital marketplace.

THE GOVERNMENT CAN STOP THIS MERGER

AT&T is known for high prices, shoddy service, and limits on data access. They are also known for locking down hardware and limiting how customers use technology on their networks.² This merger would push millions more people to AT&T and eliminate a competitor with lower prices and a more open network.

The world of music and media is rapidly migrating to the mobile Internet, where thousands of apps are helping artists and fans connect. Fans get to discover new music through lawful services, and artists can grow their careers in innovative ways.

But the proposed merger puts that all at risk.

Make no mistake: this is about AT&T controlling the computers/cameras/phones in millions of pockets, and how you connect. If the merger goes through, just two companies—AT&T and Verizon—would control 70 to 80 percent of the wireless market. That’s good news if you like higher prices, restricted access, and limits on innovation, and bad news for artists and fans.

The government can and should stop this merger. Here’s why.

There are lots of reasons why the AT&T and T-Mobile merger should be prevented.

It will raise prices and cut jobs. It’s bad for communities of color and young people, who increasingly depend on mobile handsets as their only phone and Internet connection.

1 http://prospect.org/cs/articles?article=the_return_of_big_bell

2 <http://sacurrent.com/columns/story.asp?id=72323>

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WHAT'S AT STAKE FOR ARTISTS: FEWER OPPORTUNITIES, MORE CENSORSHIP, HIGHER COSTS

There's already a big policy problem on the wireless Internet: there are currently no rules to prevent companies from favoring some kinds of content over others on phones and other mobile devices. If this merger goes through, AT&T will be the biggest mobile network, with tremendous control over what music, video, and apps can be accessed on their network; data pricing and limits; and which content providers get special treatment. Our guess is that it won't be the thousands of independent creators and entrepreneurs who are driving innovation in the digital age.

- **AT&T Threatens Innovation:** AT&T has a track record of locking down technology, limiting innovation, and restricting how customers use online services. This merger would put three big industry players in a position to dictate the development of phones and other mobile technology, and would eliminate the one big competitor known for being “experimental and innovative.”³ An even bigger AT&T would have strong incentive to increase profits by limiting access or raising prices—or both. As tech analyst Om Malik warns, “Bluntly put, AT&T is carbon monoxide for this blossoming ecosystem.”⁴
- **Higher Costs for Producers, Distributors, and Audiences:** If this merger is approved, all wireless customers will lose a major lower-cost option. AT&T is known for high prices, exorbitant “termination fees” that trap customers, and setting caps on uploads and downloads with expensive penalties for going over the limit. This is bad news for anyone trying to reach new audiences, connect with fans, and make money in today's creative economy.
- **Network Censorship:** AT&T has a troubling record on free speech.⁵ For years the company has worked with industry groups to limit how audiences can use and access content. In 2007, the company censored a live web-cast of the Lollapalooza festival over political lyrics by Pearl Jam. Most notorious was its collusion with the National Security Agency to allow warrantless wiretapping of all AT&T customers. While the overarching problem is a lack of rules to prevent these kinds of abuses, T-Mobile has at least been willing to unlock phones and provide important privacy protections.⁶

POLICY RECOMMENDATIONS: WHAT SHOULD HAPPEN NOW?

We need responsible government action now. It will be messier and more expensive later if a crisis forces government to break up a monopoly, bail out another failed megacorporation, or enact band-aid policies to prevent ongoing corporate abuses.

3 <http://gigaom.com/2011/03/20/in-att-t-mobile-merger-everybody-loses/>

4 <http://gigaom.com/2011/03/21/what-att-and-t-mobile-merger-means-for-innovation>

5 <http://arstechnica.com/old/content/2007/08/pearl-jam-censored-by-att-calls-for-a-neutral-net.ars>

6 http://www.mediapost.com/publications/?fa=Articles.showArticle&art_aid=148819;

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WHAT YOU CAN DO: A MEDIA JUSTICE VISION FOR AN ARTIST-FRIENDLY ENVIRONMENT

This merger should not be allowed to happen! Use your art and audience to spread the truth about the harm this merger could cause to artists, artistic content, and affordability on the mobile web. The Federal Communications Commission (FCC), the Department of Justice (DOJ), Congress, and State Attorneys General are reviewing the deal. [Contact your representatives](#), or write a letter to the [DOJ](#) or [FCC](#).

TELL THESE DECISION MAKERS:

- **The government must establish rules of the road.** We need a framework that ensures we all have full, fair, and affordable access to the Internet on mobile devices and wireless networks.
- **The merger will stifle creativity.** The free flow of ideas, creativity, information, and entrepreneurship is essential to our democracy and economy—especially for artists. The merger will only lead to higher prices, slower innovation, and reduced competition.
- **The merger costs can be better invested.** AT&T should take the \$39 billion it wants to spend on T-Mobile and instead improve its own service and networks, not eliminate a competitor that offers lower-priced service plans.

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