What policy goals should count in antitrust?
Musings on AT&T/T-Mobile

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Clarifying goals within antitrust

- **AT&T/T-Mobile:** "Just the facts"; I don't have

- **Probably compelling UPP case**
  - Diversion ratio, with GSM, ads
  - High price-cost margin, if T-M has excess capacity

- **Issues**
  - Market definition [and which] vs. direct effects?
  - How do efficiencies stack up?

- **Supreme Court hasn't ruled on a merger case since 1974 – pre-1982 Merger Guidelines**
  - Hypothetical monopolist, SSNIP, entry criteria, unilateral, consumer v. competitor all untested
Jobs? Antitrust as macroeconomic tool?

- Both sides claim more jobs with victory
  - DOJ announcement
  - AT&T advertising

- Just P.R., or a general antitrust criterion?
  - Worker as well as consumer or total welfare?
  - Generally specious, as labor reallocated normally
  - More fundamental: Posner on job effects …

- What about recessions?
  - (More than) Willing to believe that public policy matters during unemployment equilibria
  - But should antitrust be a macro policy instrument?
  - Not just a weak weapon, but impossible to aim
Innovation? Going against the tide …

- Of course, use the innovation facts you have
  - E.g., documentation that the AT&T merger will either enhance or impede R&D
  - And that others won't take up the slack

- But generically, should AT enforcement be weakened in the face of innovation?
  - Schumpeter dynamic gains >> static DWL

- Maybe not – and NOT because competition is "really" better for R&D: Who knows?

- But we have better tools to promote innovation
  - IP policy, grants, prizes, tax credits …
  - Don't depend on the accident of an antitrust case
Take-aways

- We can argue about the case, but (at least I) don't know the case-specific facts.
- Issues of not just UPP vs. efficiencies, but the whole ball of merger wax up for grabs.
- Antitrust enforcement—or not—makes for a lousy jobs program.
- Even the popular view that AT needs to be changed in the face of innovation merits a look.
- AT is the only static competition tool we have; we've got others better suited to innovation.
- But never throw away those case-specific facts.