

**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