

With wireless competition heating up, time to thank the FCC

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It's time to give the regulators who oversee the wireless industry a big cheer - and urge them to keep up the good work.

Prices for smartphone service are coming down. The terms of wireless contracts are becoming less onerous and more transparent. Consumers unhappy with their carrier generally have three other big carriers to choose from. And the weakest of the Big Four wireless providers have been steadily improving their networks.

You can give a good deal of credit for these positive developments to the Federal Communications Commission. Over the past three years, opposition from the FCC has helped quash two potential megamergers involving the Big Four, inspiring those companies to compete ever harder for your business.

I've not always been a fan of the FCC. Too often in the past, the agency has rubber-stamped mergers that have stymied competition. And the regulator's recent proposal on net neutrality threatens the Internet as we know it and could stifle innovation.

But let's give credit where it's due. When it comes to the wireless industry, the FCC's two biggest moves in recent years have promoted competition and benefited customers.

"The agency and the (Obama) administration deserve credit" for blocking these deals, said Craig Aaron, CEO of Free Press, a [consumer](#)

[advocacy group](#). "When companies don't merge, consumers win."

The FCC's latest action came early last month. Chairman Tom Wheeler proposed barring the largest carriers from teaming up to bid in an upcoming spectrum auction. It doesn't sound like much, but it had big implications.

Wheeler's proposal, which likely would have passed the FCC, came as T-Mobile and Sprint were reportedly in talks to jointly bid in the auction. That proposed team-up was something of a dry-run for a long-discussed merger between the two companies.

By basically announcing his opposition to such a partnership, Wheeler not only scuttled the joint-bid plan, but he helped derail the whole merger idea. His proposal reportedly convinced the companies that the agency's private warnings of opposition to their contemplated merger were more than just bluster. The two companies ceased their merger talks days after Wheeler's proposal.

That marked the second time in three years the FCC had helped throttle a potential merger involving T-Mobile. Three years ago, the FCC joined forces with the Department of Justice to stop AT&T's proposed acquisition of its smaller rival.

Consumers have benefited greatly from both actions.

In the wake of the scuttled AT&T/T-Mobile deal, T-Mobile became a reinvigorated competitor. Taking the billions of dollars AT&T gave it as a breakup fee, T-Mobile invested heavily in upgrading its network and improving its coverage. It's also led the industry in developing and marketing new, much more consumer-friendly cellphone plans.

There's reason to think that the ending of the Sprint/T-Mobile merger

talks might have a similar effect on Sprint. Immediately after calling off the talks, Sprint replaced longtime CEO Dan Hesse, who oversaw years of financial and, more recently, subscriber losses. In his place, the company named Marcelo Claure, an entrepreneur who was charged with turning around the company's "loser" culture.

Claure has gotten to work quickly. In recent days, Sprint announced a new low-cost family service offering and a \$60-a-month smartphone plan that includes unlimited calling, texts and data. The new plan undercuts both T-Mobile's comparable plan and Sprint's previous all-unlimited plan by \$20 a month.

The great thing about these moves by T-Mobile and Sprint is that they've inspired similar actions by other players in the industry. After T-Mobile last year became the first carrier to move away from the then-standard two-year subscription plan for smartphone service, AT&T and Verizon quickly launched similar plans. After Sprint cut its prices last month, T-Mobile responded in kind.

"While the wireless market isn't perfectly competitive, at least having competition is producing measurable results for consumers," said John Bergmayer, a senior staff attorney at consumer advocacy group Public Knowledge.

As Bergmayer says, the industry isn't perfect. Thanks to bad decisions by the FCC in the past, there are fewer competitors than there could be. Switching between carriers is more difficult than it should be, thanks in part to incompatible legacy technologies.

And there are reasons to worry about the broader telecommunications sector. The FCC is weighing a pair of big merger proposals right now - between Comcast and Time Warner Cable and between AT&T and DirecTV - that threaten innovation and would restrict competition.

But let's take this moment to praise the regulators for what's happening in the wireless industry. Thanks to a couple of wise moves on their part, it's become a pretty good market for consumers.

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