



The Daily Dish

Lessons From EchoStar

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It may not have been on readers' radars, but telecommunications company EchoStar recently [unloaded](#) its significant holdings of spectrum licenses to AT&T and Starlink. [Specifically](#), AT&T purchased 3.45 GHz and 600 MHz licenses for \$23 billion. Meanwhile, Starlink spent \$17 billion for AWS-4 (2 GHz) and (1.9 GHz). Now, if you are at all like Eakinomics, those stats mean nothing.

The bottom line is that this is a lot of very valuable spectrum - too valuable for the Federal Communications Commission (FCC) to tolerate having it sit idle. As Bloomberg put it: "The FCC accused EchoStar in May of not effectively using the spectrum it was awarded and threatened to strip some of its valuable licenses, tipping off a series of frenzied dealmaking as EchoStar skipped bond payments and considered filing for bankruptcy."

Eakinomics spills a lot of bytes on tariffs, Federal Reserve policy, and the other hot-button issues. Why talk about a private-sector sale of spectrum? Because spectrum matters. Indeed, you are probably only able to read this because of the robust wireless networks that U.S. spectrum policy enables. So, what is the lesson of the EchoStar sales?

The lesson is that markets (still) work. Ironically, EchoStar had so much premium spectrum only because some know-it-all regulators made the approval of the Sprint/T-Mobile merger contingent on there being a fourth, facilities-based nationwide wireless network. Per Bloomberg: "The AWS-4 sale transfers another crown jewel of EchoStar's spectrum portfolio, effectively ending hopes that it would become a fourth major wireless carrier as stipulated by regulators as part of the approval of the T-Mobile and Sprint merger." It appears the market will not support four wireless carriers, and the government shouldn't arbitrarily decide how many firms a market needs to be competitive.

Markets work in a second way, as well: They promote the speedy reallocation of assets. Getting spectrum to market faster provides immediate value to consumers and businesses.

Of course, some at the FCC must have been tempted to simply take back the idle licenses and re-auction the spectrum. But that would simply be a decision to deploy the spectrum in 2033, or something like that. The auction for the C-band took almost six years, and full acquisition of all the licenses took place in [2023](#).

Finally, markets identify new innovations and opportunities. Firms using satellites in low-earth orbit (LEO) - Starlink - introduced additional competition in broadband markets and are now expanding to direct-to-cell service.

The government will always have a role in spectrum policy, and well-designed auctions are an effective way to make spectrum available to the private sector. But private sales are an efficient and quick way to reallocated underutilized spectrum.