



The Daily Dish

Waiting on the FCC

DOUGLAS HOLTZ-EAKIN | OCTOBER 12, 2021

Eakinomics: Waiting on the FCC

A bit over a year ago, Verizon announced an agreement to acquire TracFone Wireless, Inc. TracFone is the largest pre-paid mobile provider with roughly 21 million subscribers. As it turns out, TracFone is a longtime partner of Verizon, and a majority of its customers rely on Verizon's wireless network through the existing wholesale agreement. So, in many ways, the acquisition is simply a ratification of the economic *status quo*. Nevertheless, the purchase awaits the blessing of the Federal Communications Commission (FCC).

Is the deal simply a victim of the trendy “bigger is bad” antitrust sentiment? It doesn't seem so. The Verizon-TracFone deal has received the blessing of the Department of Justice. And the only objections to the purchase came from organizations such as Public Knowledge, the Benton Institute for Broadband and Society, and Communications Workers of America. These groups questioned Verizon's commitment to TracFone's lower-income consumers. After Verizon [pledged](#) to continue its commitment to the Lifeline program, these groups withdrew their objections to the transaction. (Lifeline is the FCC's program to subsidize telephone service, broadband internet service, or bundled voice-broadband packages for low-income individuals.)

The other possibility is that the deal is being held up by the staffing drama at the FCC. There is a vacant seat (one of five commissioners) and President Biden has yet to nominate anyone to fill it. In addition, he has not named a permanent chair and the term of current acting Chairwoman Jessica Rosenworcel expires at the end of the year. In the absence of a nomination in the near future (or a renomination of Rosenworcel), Republicans will soon hold a 2-1 majority on the FCC. That's plenty of drama, but no reason to affect the Verizon acquisition.

This deal makes economic sense and does not raise any antitrust flags. All the FCC needs to do is simply hold a vote on approving the purchase – and there's no reason to wait.