

Statement of

# The Honorable Herb Kohl

United States Senator  
Wisconsin  
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## STATEMENT OF SENATOR HERB KOHL ANTITRUST SUBCOMMITTEE HEARING ON AT&T/BELLSOUTH MERGER

Thank you, Mr. Chairman. Today we return to a topic our Antitrust Subcommittee examined in detail a year ago - the continuing consolidation of the telecom industry. The \$ 67 billion dollar merger between AT&T and Bell South we consider today follows closely on the heels of last year's massive AT&T/SBC and Verizon/MCI mergers. These mergers -- and the rapid pace of the technological changes in this industry -- are fundamentally reshaping how Americans communicate and what we pay for these services.

But while examining the impact of these deals on competition, we must also carefully consider what this consolidation means for our fundamental civil liberties and our national security. The antitrust laws were written out of a concern with the political effects of undue concentrations of economic power, not only their effects on consumers' pocketbooks. And the disturbing revelations of the last few months of the administration's domestic surveillance program demonstrate vividly that this deal -- and the overall telecom consolidation wave of which it is but a part -- may have a profound effect on our civil liberties. It has now been reported in the press that the NSA - allegedly with the cooperation of some of the nation's largest phone companies including AT&T - is compiling a massive database of whom nearly every American calls on the phone. While of course we all recognize that we need to listen to any calls Al Qaeda may try to make into the United States, we must do so in a focused manner, without trampling on the privacy rights of millions of innocent Americans.

We must realize that mergers and acquisitions in the telecom industry makes overbroad domestic surveillance considerably easier. As the market consolidates, government eavesdropping is possible merely with the assent of fewer and fewer large phone companies than before. Today, just a very few telecom giants have an enormous amount of personal information on virtually every American's phone calls. As the market concentrates, the threat to our privacy grows. These considerations should be paramount to all of us who have the responsibility to review these mergers.

We also of course must carefully examine the more traditional antitrust issues raised by the AT&T/Bell South deal. Both companies defend this merger by pointing out that this is a merger of regional phone companies with adjacent territories rather than of direct competitors. Further, they argue, technological changes and innovation are bringing new forms of competition to the market.

But, as we watch as a formerly regional player grows into the dominant phone company in nearly half the nation, we must be careful to examine several key questions. Will competitors be able to interconnect into the millions of consumers served by the AT&T network? Will the new AT&T have the ability to charge exorbitant rates for "special access" lines into its network? Will the combined company gain too high a share of wireless spectrum needed for new competitive alternatives? More fundamentally, how can we ensure that this consolidation will not decrease the choices and increase the costs to consumers and to business customers, both large and small?

Just as with the ATT/SBC and Verizon/MCI mergers, we expect that the Justice Department and FCC will scrutinize these mergers very carefully to preserve competition. A good place to start would be the imposition of the same conditions these agencies imposed on last year's deals on this one. And we must be especially careful to ensure that the combined company's broadband internet services do not interfere with consumer's ability to access the internet content they wish. Securing merger conditions such as these will help ensure that the tremendous gains in telecom

competition over the last twenty years are not lost in the midst of this industry consolidation. Thank you, Mr. Chairman.