

Thousands of retail jobs eliminated in Sprint and T-Mobile telecom merger

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When the \$30 billion merger between wireless carriers Sprint and T-Mobile was finalized on April 1, T-Mobile CEO John Legere claimed that the combined company was about “creating new, high-quality, high paying jobs,” and the deal would be “jobs positive from Day One and every day thereafter.”

However, reports are now emerging that thousands of jobs are being eliminated as T-Mobile has moved aggressively to close down between 1,200 and 2,000 of its Metro prepaid phone retail locations. The total number of layoffs from these closures is projected to be around 6,000. Prior to the closures and layoffs, it was estimated that there were 10,000 Metro by T-Mobile locations in the US.

According to TotalTelecom, “T-Mobile have argued that this move has nothing to do with the coronavirus pandemic—which, in fact, could have provided them a handy excuse—but have rather positioned the closures as ‘optimizing their retail footprint.’ The company has not responded to those noting that this mass of job losses runs contrary to their pre-merger promises.”

In response to the reports, T-Mobile issued an official statement that said, “We are always optimizing our retail footprint as a normal course of business to ensure we are in the best position to support the thousands of communities we serve across the U.S. We recently notified some dealer stores that we will transition them to T-Mobile stores and we will also close a small number of redundant locations.”

Since early on in the merger process, industry and Wall Street analysts have projected that layoffs from redundant staff will impact anywhere from 15,000 to 30,000 jobs. The upper end of this estimate is greater than the total number of pre-merger Sprint employees. With the majority of the layoffs expected in retail, approximately 4,500 jobs will be cut at the corporate

headquarters of Sprint in Overland Park, Kansas, and T-Mobile in Bellevue, Washington.

The merger between the number three and number four largest wireless companies, T-Mobile (70 million subscribers) and Sprint (54 million subscribers), is creating the second largest firm in the US market, leapfrogging the current number two AT&T (100 million subscribers) and still behind Verizon (154 million subscribers).

The deal was approved on February 11 when Judge Victor Marrero of US District Court for the Southern District of New York overruled the objections of the attorneys general of 13 states and the District of Columbia who said that the reduction in competition would harm consumers with higher prices.

With a transparently pro-monopoly position, Judge Marrero wrote that he was not persuaded that the combined company “would pursue anticompetitive behavior that, soon after the merger, directly or indirectly, will yield higher prices or lower quality for wireless telecommunications services, thus likely to substantially lessen competition in a nationwide market.”

The lawsuits against the merger concentrated on the impact on consumers and did not raise the issue of job redundancies and the likelihood of mass layoffs.

The merger between Sprint and T-Mobile was long in the making. After an earlier attempt to merge the firms was blocked in 2014 during the Obama administration, ongoing discussions eventually led to a new deal in the spring of 2018.

With the prospect of the wireless carrier industry being reduced to just three giant monopolies, the merger was finally engineered through the intervention of the US Justice Department’s antitrust division and the Federal Communications Commission. These

agencies came through with a convoluted arrangement involving the entry of Dish Network—a direct-broadcast satellite TV provider—as a fourth competitor in the market.

The deal required Sprint to sell to Dish, at a price of \$5 billion, its prepaid wireless business units Boost Mobile and Virgin Mobile and move 9.3 million mobile subscribers to the satellite TV company, which was otherwise going to go out of business. The idea that Dish represents a legitimate “major” competitor with about 2 percent of the market indicates the fig leaf nature of the arrangements involved in getting the Sprint and T-Mobile deal to go through.

As analyzed by The Motley Fool, “Aside from the massive investment, Dish must excel at something it’s never done—operate a nationwide mobile network. And it will have to go up against three entrenched competitors. That’s a huge challenge that many doubt Dish can pull off ...”

The backdrop to the consolidation of the wireless carriers is the transition to 5G networks. The ultra-highspeed, fifth generation of broadband wireless technologies is being rolled out to consumers by Verizon and AT&T currently with marketing promises that “it will change everything” and “transform the future.”

The next-generation 5G wireless technology promises to enable things like ultra-high definition (4K) video streaming, virtual reality, artificial intelligence and the much-vaunted internet of things (IoT). Through IoT, millions of intelligence devices will be wirelessly connected, enabling the self-driving vehicle and transportation infrastructure and creating “smart” cities and factories.

In all of these endeavors the improvement of life is a tertiary concern behind the enormous profits that are expected from the anticipated \$1.1 trillion in investment being poured into 5G development projects internationally. In the consolidation process that is required to implement the latest generation of wireless broadband communications technology, the wireless carriers and the manufacturers of devices are being driven to reduce the number of employees and extract greater profits out of those who still have jobs by reducing their wages.

Knowing full well about the impending job destruction from the Sprint and T-Mobile merger from

the start, the Communications Workers of America (CWA) has collaborated with the wireless carriers in the restructuring of the industry that is underway. By diverting the struggle of telecom workers in defense of jobs, wages and benefits into various fruitless appeals to the Democrats in Congress and keeping the workers at the different firms isolated from each other, the CWA operates as a willing accomplice in the attacks on workers.

The first step in the fight against the destruction of jobs is the development of rank-and-file committees of wireless employees in every workplace whether it is the corporate offices, technology centers or retail locations. Telecom workers must reject the anti-Chinese chauvinism of the Trump administration, the Democrats and the unions and must unite across borders in a common fight for a socialist program, including the transformation of telecom monopolies into public utilities, owned and controlled by the working class.



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