

## Justice Department sues to block AT&T-Time Warner Merger

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The U.S. Department of Justice [sued](#) AT&T Inc. (AT&T) on November 20, 2017 to block its \$85.4 billion acquisition of Time Warner Inc. (Time Warner), saying the deal would “greatly harm American consumers.”

AT&T is one of the nation’s largest internet and telephone providers and the largest satellite company and television distributor in the United States. Time Warner ranks among the largest content suppliers, including content from HBO, Warner Bros., TNT and CNN.

The Justice Department is arguing that the deal [violates](#) antitrust law because it would sufficiently harm consumers and weaken competition. Since AT&T would be able to charge more for licensing of valuable programming, consumers would most likely face higher prices for cable or satellite television subscriptions. Furthermore, the merger would slow the industry’s transition to online video and other new distribution models.

AT&T [argues](#) that the government’s lawsuit is a “departure from decades of antitrust precedent” because of AT&T and Time Warner do not compete with each other. Vertical mergers like this are routinely approved because they benefit consumers without removing a competitor from the market. AT&T contends that there is no legitimate reason for its merger to be treated differently. Moreover, AT&T contends that it needs media content in order to compete against internet firms for digital advertising dollars and subscribers.

This is the first merger blocked during the Trump Administration. AT&T speculates that the attention comes as a result of President Trump’s criticism of CNN since taking office. Whether or not President Trump played a direct role in the Justice Department’s attempt to block the deal is a subject of debate. But the move maybe indicate that the Trump administration will look closely at other big mergers.

Before the lawsuit, the Justice Department asked AT&T to sell off some assets. AT&T rejected the Justice Department’s demand to divest DirecTV or Time Warner’s Turner Broadcasting - which contains news network CNN.

At this time, AT&T is still continuing to talk with the government to negotiate a settlement. But as the process continues, there will be little opportunity for AT&T to settle the case. A lengthy, drawn-out court battle [could](#) cause AT&T and Time Warner to give up on the deal. AT&T stated that the company was prepared to defend itself in the court.