

A. the market. the effects of the merger

Business



A. The effects of the merger on the market's concentration ratio would be wide in the amount .

One main effect would be the price of the merger and the effects of the price to the company. Another would be the effect it would have on the competitors . It might put some companies in a position where they might have to merge with another company in order to stay in business . In addition to that the merger would make the concentration ratio effect the market. The effects of the merger on the Herfindal-Hirschman index would somewhat match the ones of the market's concentration ratio.

The HHI is a commonly accepted measure of market concentration. So the effects of the market concentration ratio would have the same effects on the HHI .

B. Antitrust guidelines call for close scrutiny of mergers in moderately concentrated markets (HHI between 1,500 and 2,500) if the resulting HHI increase is more than 100 to 200 points. This rule would apply to the AT&T merger with T-Mobile in several ways . One main way is that the market price change for the companies . This would change competitors price as well .

The increase between 100 to 200 points would effect the competitors negatively . The hypothetical merger between T-Mobile and TracFone when have different outcomes . One main way would be the prices would rise in a positive way . This would be difficult on the other competitors because the placing of the market standings of the phone companies . This scenario would have positive outcomes .

C.

AT&T argued that the merger would extend its network, providing more reliable and faster cell phone service (particularly to existing T-Mobile customers who on average have lower-grade service plans at cheaper rates). With this merger it would extend the network but it also does bring doubts. Market Observers were worried that after the merger the company would raise the cellular rates. There will be pros and cons with this particular scenario of the merger.

One major pro would be the expansion of the network. This would bring more customers as well by the expansion of the network. One major con would be the cost for the customers. This would mean the cost for phone plans would "skyrocket". The cost would affect the market in a major way. It would make the competitors react adversely by lowering their prices and offer better plans for lower price.

This would be the pros and cons of the argument that the merger would extend its network.