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AT&T Inc.'s blockbuster acquisition appears likely to face a full-scale review by the Federal Communications Commission because Time Warner Inc. holds dozens of licenses from the agency, experts and people involved in the deal said. An FCC review—focusing on whether the deal is in the public interest—would subject it to a broader and potentially tougher examination than the antitrust review that already is expected by the Justice Department.

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The $85.4 billion deal, agreed upon Saturday, involves only a single FCC broadcast television license, for an Atlanta station owned by Time Warner. That led many on Wall Street and in Washington to speculate that an FCC review could be avoided if that particular license is sold. But FCC licensing records also show dozens of active satellite, wireless and radio licenses held by Time Warner operations including HBO, CNN and Turner Broadcasting. The licenses themselves say they cannot be transferred without permission of the FCC.

In an interview on Sunday, AT&T Chief Executive Randall Stephenson said he expected FCC review of the deal. "Avoiding any kind of regulatory review is always a benefit," Mr. Stephenson said. "But we aren't naive. We aren't thinking that that won't happen." Some concerned lawmakers already have started pushing for an FCC review. "As the chief federal watchdog for telecommunications, the FCC should be unleashed on this merger to protect consumers," Sen. Richard Blumenthal (D., Conn.), a member of the Senate antitrust subcommittee, said on Wednesday.

Although the FCC's mandate is to regulate U.S. airwaves, it has used past merger reviews to impose conditions on other parts of the industry. For example, the FCC required AT&T to further build out its broadband network when it blessed its $49 billion purchase of satellite-TV provider DirecTV last year. AT&T could seek to delay or even avoid FCC oversight, for example by getting rid of the Time Warner licenses, some experts said. Jeff Bewkes, Time Warner's CEO, said on Sunday that owning the local Atlanta station was "not really necessary."

While sales of broadcast TV stations or cellular spectrum are closely scrubbed, the transfer of satellite licenses such as those used by CNN or HBO historically has required only pro forma review by the FCC, said Christopher Yoo, an antitrust expert at the University of Pennsylvania. So far, the company hasn't said it is planning to dump the licenses. AT&T said it is still reviewing "which FCC licenses, if any, will be transferred to AT&T" from Time Warner. It acknowledged, however, that "to the extent that one or more licenses are to be transferred, those transfers are subject to FCC review." "One way or another, I expect the FCC to be very engaged in evaluating the competitive concerns with this deal," said Gene Kimmelman, the president of high-tech public-interest group Public Knowledge and a former Justice Department antitrust official.

AT&T and Time Warner have played down concerns the deal wouldn't get regulatory approval. The companies have argued that prices won't rise from the combination and the merger will bring new competition to the cable television and advertising markets. However, shares of Time Warner are trading at a wide discount to AT&T's takeover price, suggesting Wall Street is worried about the transaction closing. Analysts at FBR & Co. said it was crucial for AT&T to avoid an FCC review as the combination "would have a hard time getting through the FCC, which has a public interest standard that is loose and subject to political influence and has no real timetable."

FCC Chairman Tom Wheeler has sought to bring more competition to broadband and other services where local cable companies often dominate, but he has also taken a tough stance on both consolidation and regulation of the telecom and cable industries. Multiple people close to Mr. Wheeler said he may stay in the chairmanship role well into 2017 if Hillary Clinton wins the White House. But Mr. Wheeler's tenure might not stretch as long as a potential FCC review of the deal. On Wednesday, Messrs. Wheeler and Stephenson sat side by side at an industry task force on robocalls, and appeared friendly. "As I read in the press, you have not stopped your day job it seems, Randall," Mr. Wheeler said at one point. – ***Wall Street Journal***

Before investors could pass judgment on AT&T Inc.'s proposed acquisition of Time Warner Inc., two other stakeholders beat them to it. Republican presidential nominee Donald Trump said he'd block the merger. Tim Kaine, the running mate of Democratic nominee Hillary Clinton, said he, too, had concerns. No surprise, then, that the stock market puts less than 50% odds on the merger's completion. AT&T shouldn't take it personally. It is simply the latest instance of how large the imperial presidency now looms in the lives of corporate America.

Presidents routinely complain they don't have much sway over the economy: Congress controls the budget, the Federal Reserve sets interest rates, global markets determine the price of oil. But they do control one immensely powerful lever: a sprawling regulatory state. The rules the executive branch writes and how its appointees enforce them increasingly shape economic and business behavior. Democrats have long been the most enthusiastic proponents of the regulatory state, but in Mr. Trump they have a fellow traveler, albeit one with different motives.

Measuring the regulatory state is no easy task. The Code of Federal Regulations contains **more than a million restrictions**, as signified by the use of the words "shall," "must," "may not," "required," and "prohibited," according to two scholars from the Mercatus Center, a free-market think tank. The total has doubled since 1975, pausing only during Ronald Reagan's first term and Bill Clinton's second. Rule enforcement is also getting more serious. Responding to accusations of lax oversight in the past, federal authorities have imposed criminal penalties, in particular on financial companies, averaging $7 billion a year in the past four years, up fourfold from the prior 11, **according to Brandon Garrett**, a law professor at the University of Virginia.

Companies increasingly find their fates intertwined with regulatory diktats. Ally Financial Inc., a consumer-finance company, couldn't register as a financial holding company with the Federal Reserve until it settled charges from the Consumer Financial Protection Bureau of discriminatory auto-loan pricing. (It did so without admitting or denying wrongdoing.) The Justice Department asked Aetna Inc. how its proposed merger with Humana Inc. might affect its participation in the Affordable Care Act's exchanges. Aetna said it would likely quit the exchanges if the merger were blocked. To its credit, Justice didn't let that outweigh its competitive concerns and sued to block the merger anyway, and Aetna duly announced it was quitting the exchanges.

AT&T has always been heavily regulated, and it's inevitable that a merger with Time Warner would draw the scrutiny of antitrust cops and perhaps the Federal Communications Commission. But the conditions it must ultimately meet depend on the predilections of the regulators and the presidents who appoint them. Brent Skorup, a scholar at the Mercatus Center, says regulators like the FCC increasingly extract behavioral conditions from companies via transaction approvals rather than rule-making. For example, Comcast Corp. acquired NBC Universal in 2011 after agreeing to a long list of conditions, from not charging for faster network access (aka abiding by “net neutrality”) to expanding local, public-interest and children’s programming.

The benefits of such oversight depends on one’s point of view. Many Democrats think unbridled corporate power has widened income inequality, hurt consumers and raised prices. They see a more muscular federal government as the natural remedy. A President Hillary Clinton would continue in this tradition: She has promised to restrict mandatory arbitration, appoint tougher antitrust enforcers and **penalize drug companies** for excessive price increases.

Republicans have traditionally trusted in competition to weed out bad corporate actors and break up monopolies, while stressing the cost and burden of regulation. Nominally, Mr. Trump agrees: He has promised, for example, to repeal two rules for every new one enacted. But in his rhetoric, Mr. Trump embraces the regulatory state, routinely singling out companies he wants penalized. He says Ford Motor Co. and Carrier, a unit of United Technologies Inc., should face tariffs for outsourcing jobs to Mexico. Besides blocking AT&T’s deal for Time Warner, which owns CNN, he wants to undo Comcast’s merger with NBC Universal, saying they concentrate political power and “poison the minds of Americans.” He says Amazon.com Inc., whose CEO Jeff Bezos owns the Washington Post, is unfairly avoiding taxes. For Mr. Trump, the political is personal: He accuses the media of deliberately undermining his campaign.

Previous presidents have turned the federal enforcement apparatus against their adversaries, most notoriously Richard Nixon. Whether Mr. Trump could or would do the same is an open question; most of the civil service is professional, nonpartisan and governed by statutes and codes of conduct. The larger lesson is that, regardless of who is elected president, American companies should get used to a more pervasive federal presence in their lives. – ***Wall Street Journal***

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