Guest View

Hugh Carter Donahue

Illinois lawmakers should recall SBC's broken promises

Although it backed away from its pledge to invest more money in broadband after federal regulators changed the rules in its favor, SBC is now pitching the same tarnished message of promised investment to Illinois lawmakers.

In February, the Federal Communications Commission gave SBC and its fellow Bell phone companies exactly what they asked for by deciding the companies would no longer be required to lease new fiber lines to competitors. It was a big win that regulators believed — based on Bell Company promises — would lead to rapid enhancement of the Bell's broadband networks.

SBC and the other regional phone companies quickly withdrew their commitment to invest. "It's (new investment) not going to happen," said SBC senior vice president James B. Smith. "I can't justify it to my shareholders."

In the words of disappointed FCC Chairman Michael Powell, an advocate of more deregulation for the behemoth Bells, the phone giants reacted like "crybabies."

Now SBC is in Springfield with more promises — if only the lawmakers will enact legislation that will help SBC squeeze out its competitors.

The legislation SBC is pushing — Senate Bill 1518 and House Bill 2823 — is anti-competitive. It would give SBC control of broadband as well as local phone service — whether or not it keeps its promise to invest. It would eliminate state authority to promote competition and protect consumers. And by eliminating competition and local authority, it would give SBC free reign to raise rates, taking money out of consumers' pockets just as emerging competition is trimming the cost of phone service.

A recent study by the Illinois Coalition for Competitive Telecommunications shows Illinois consumers saved $131 million in 2002 and could save more than $290 million this year because of emerging competition in local phone service. Those savings won't materialize if this legislation is passed.

Moreover, with growing consumer demand for broadband, SBC shouldn't need special incentives to compete. The Telecommunications Industry Association recently projected that high speed Internet cable and phone subscriptions would jump 40 percent to make a $13.5 billion dollar market in the U.S.

The legislation also redundant with the recent FCC broadband decision. Because the FCC's final rules covering its recent decision are still being written, The Illinois legislation promises to create regulatory confusion, delaying broadband deployment and denying competitive benefits for consumers.

Beyond these problems, there are plenty of reasons to be wary of SBC promises of improved broadband services in the Land of Lincoln.

Warning of his state's bitter experience when it passed a SBC-sponsored broadband bill, the former president of the Oklahoma State Senate, Stratton Taylor, recently told fellow lawmakers in several states that SBC backed out on pledges to create jobs in his state. Indeed, the company actually cancelled plans for a new service center and cut employment in Oklahoma, Taylor reports.

"It is my belief that SBC will say or do anything to get this legislation enacted and would encourage you to keep that in mind as you debate the merits of whether it is good public policy," Taylor wrote to Illinois legislators now considering legislation that eliminates state regulation of high-speed Internet services.

Back in 1998, when SBC was seeking regulatory approval to take over Ameritech, it promised to "compete head-to-head" with the other Bell companies. It pledged to enter 30 markets, including New York, Seattle, Minneapolis and Miami. Five years later, America is still waiting.

There's simply no way to justify support of Senate Bill 1518 and House Bill 2823. It's unnecessary, it'll create regulatory confusion and it'll bring competition and savings for Illinois consumers to a screeching halt. Add to that SBC's poor track record on keeping its commitments, and it's clear that Illinois lawmakers should reject this legislation.

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