



## **JOB CUTS ARE POLITICAL BLACKMAIL**

**by Steve Hiniker**

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**In announcing that it would slash 11,000 telecom jobs, including many here in Wisconsin, SBC/Ameritech has embarked upon a crude game of political blackmail with Wisconsin's workers, consumers and small businesses.**

**SBC is arguing that the only way to avoid this job-loss carnage is to get Congress or the FCC to raise the telecom prices on Wisconsin consumers. They must do this, SBC insists, by ending the current market-access rules of the 1996 Telecommunications Act and thereby solidifying for SBC what is essentially today an already unregulated local monopoly. That would result in increases of hundreds of millions of dollars in local telecom and Internet access rates all around the country, including here in Wisconsin.**

**It may raise the eyebrows of some that, amidst his pleas of poverty and threats of massive job cuts, SBC's Chairman Ed Whitacre, according to published reports, last year received a total of \$155 million in his executive compensation package. It also may raise eyebrows that, amidst the doom and gloom for his workers, he regularly boasts to his Wall Street investors about his handsome profits in these local markets, minimal competition notwithstanding. Just months ago, SBC told the Street that "SBC's DSL lines in service now total 1.7 million, up 67 percent from a year ago," while simultaneously claiming competition rules were choking such rollouts.**

**The forked-tongue argument that Whitacre brings to Washington policy makers is that the market-access provisions of the 1996 Telecom Act (which SBC supported because it allowed SBC into the lucrative long-distance markets, which the courts had earlier forbid, and in which SBC is the beneficiary of a wholesale discount line-leasing arrangement) force him to lease wirelines to his telecom competitors at below-cost rates.**

The fact is that, notwithstanding the competition law passed by a overwhelming bipartisan Congress, SBC still makes an unprecedented 42 percent rate of return on its local telecom business - outrageous monopoly profits made all the more outrageous by the poverty pleas. The non-partisan Phoenix Center has documented these outrageous profits in the local markets, as have public service commissions all around the country, including here in Wisconsin. The U.S. Supreme Court, in May, ridiculed the Bells for making these "below cost" claims.

The fact of the matter also is that these massive carnage of job cuts is the result not of competition, but of SBC's poor investment choices in other markets and the general trend toward telecom automation which SBC is likely to follow notwithstanding its apparent promises to organized labor to the contrary.

Whitacre and SBC have figured out that most senators - including Feingold and Kohl - hardly could support such corporate-greed legislation as the Breaux Nickles Bill, which would give SBC an unchecked monopoly in Wisconsin by closing the door on all competitors who use the Bell transmission lines. So Whitacre has now resorted to the time honored tactics of special interest monopolists: stealth.

Just recently, he was able to quietly get a Congressional letter to the FCC supporting increases in the rates that telecom competitors will have to pay Whitacre to get access to his monopoly lines - increases for which Wisconsin consumers ultimately will pay. So much for the traditions of La Follette in our current breed of Wisconsin legislators. Whitacre spends tens of millions of dollars on Washington lobbyists to pull off such schemes.

Whitacre and SBC should have learned from corporate executives now in hot water not to play so fast and loose with facts - he is raking consumers over the coals with 40 percent rates of return his local monopoly and now is arguing that consumers are not getting bilked quite enough. He now wants to stomp out any and all small competitors who may threaten his fiefdom.

He should have learned from his corporate brethren now in trouble about dangers of using workers and consumers as disposable pawns in the name of corporate excess.

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