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**BN Community**

**Guest column-April 1, 2004**

By: Joan Haberle , Guest Writer

03/31/2004

**Phone provider competition aided industry innovations**

For more than 15 years, New Jersey governors and state lawmakers have been inundated with reams of statistics and sexy technology demonstrations that the telecommunications innovations of tomorrow will come to the Garden State soon if some sort of regulatory relief were granted.

In 1991, that relief package, known as "Opportunity New Jersey," passed overwhelmingly in the state Legislature.

At that time, lawmakers gave the state's dominant phone company, then known as New Jersey Bell (now Verizon), a multi-billion-dollar windfall in return for the promise of building a fiber optic network throughout the state. High-speed data lines, New Jersey Bell promotions stated, would connect schools, libraries, businesses, homes — everyone. "Fiber to the curb" was the promise.

Thirteen years later, cable television dominates the high-speed data connection market while that fiber optic network is reportedly still under construction.

Today, without special regulatory relief, investment in telecommunications systems has jumped by an estimated \$250 billion in states such as New Jersey where there is local phone competition. Serving as chief catalyst for this surge in investment, the 1996 Federal Telecommunications Act was actually the road map to each state for competition.

July 2002, Verizon was charged, by law, to make its market competitive when the New Jersey Board of Public Utilities lowered the wholesale rate for local phone service by about 40 percent.

As a result, in the ensuing 18 months, nearly 700,000 of the state's 6.3 million phone customers have switched to a new phone service provider. Another economic study, by PACE, a pro-competition national coalition, in December released its study of the economic benefits of phone competition in each state. New Jersey consumers and small businesses now are saving up to \$382 million a year, thanks to greater choices and lower phone rates.

Nationally, the annual savings amount to \$10 billion for consumers and \$4 billion for small businesses.

As a result, some \$71 billion in additional telecommunications infrastructure investment is forecast by the end of 2008, according to a study released late last year by the Phoenix Center, a Washington, D.C., think tank.

What's more, the nation's largest telephone monopolies, Verizon, SBC and Bell South, the past six years accelerated system upgrades by \$5.2 billion due to implementation of the Telecom Act. This is an important number because it runs counter to the current statements from phone company executives, including Verizon-New Jersey, which claims local phone competition is driving down infrastructure investments.

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The cumulative effect of these benefits, compounded over the next 10 years, will be nothing less than incredible as working families will be able to use the savings for down payments on new homes, college education for their children, a much-needed vacation, new car or even to start their own business.

New telecommunications investment also will have a positive effect reverberating through the economy in the form of new jobs and opportunities for small businesses and families. Prosperity also means growing tax revenues — without tax hikes — for states like New Jersey, hard hit in recent years by economic hard times.

Yet, all this economic good could grind to a halt if the Board of Public Utilities approves a hike in wholesale phone rates as advocated by Verizon. Board commissioners are hearing testimony for the next few weeks from a host of sources in efforts to come to a decision.

One wonders why it would do anything but stand pat on its July 2002 decision. Let's hope the board won't turn back the clock and take away the economic benefits they brought to New Jersey families and small businesses.

Joan Haberle, a resident of Stockton, served as New Jersey's Secretary of State in the administration of Gov. James Florio. She is the former Stockton Borough Council president and is owner of the Joan Haberle Agency, a real estate investment firm.

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