

# TELECOMWEB NEWS DIGEST

## IPI URGES PRESIDENT TO NOT DELAY BROADBAND ROLLOUT

5 APRIL 2004

Challenging the D.C. Circuit Court's ruling that the FCC may no longer impose unbundling regulations on telecom providers would only delay broadband rollout, according to the Institute for Policy Innovation (IPI), a Texas-based free-market think tank. The best way to promote real innovation in telecommunications and rapid broadband rollout is to deny any request from the FCC or other parties for Supreme Court review of the Circuit Court decision, IPI contends.

A letter IPI sent to President Bush notes the innovation suppression in this industry due to unbundling regulations:

- 1,300 jobs are destroyed for every 1 million lines switched away to "competitors" because profits are rarely invested into new capacity or technology;
- Telecommunications stocks have been one of the worst performing sectors, even as the rest of the economy has begun to recover;
- Total investment in the industry has not increased but has been depressed overall.

"Reed Hundt's Clinton administration experiment in command-economy regulation of the telecom market has failed," says IPI President Tom Giovanetti. "[Former FCC Chairman] Hundt's regulations have been struck down by the courts three times now. The regulators have lost. It's time to move on and let markets work."

Many of IPI's assertions fly directly in the face of other independent research, including data compiled by the Washington, D.C.-based Phoenix Center and the University of California at Berkeley, that show how the FCC's rules governing unbundled network elements (UNEs) have saved consumers many millions of dollars, and have added thousands of new jobs to the economy.