

Abstract

Michael Glover & Donna Epps

Is the Telecommunications Act of 1996 Working?

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Abstract by William Jack

In their article "Is the Telecommunications Act of 1996 Working?" authors Michael Glover and Donna Epps discuss whether implementation of the Telecommunications Act has achieved its goal of promoting increased facilities-based competition in local and long distance telecommunications markets. Because of the increase in the number of private investors, spending on new infrastructure by local competitors, the sheer number of competitive carriers, and the number of customers that competitors are capable of reaching, the authors conclude the Act unquestionably succeeds in promoting local telephone competition. Despite the success of local markets, the authors question whether the Act is being implemented in a way that will produce long-term facility based competition.

The bulk of the Glover and Epps article examines whether the Act's provisions relating to pricing, unbundling and long distance entry undermine the development of facilities based competition. The authors discuss the problems of the FCC's pricing methodology for incumbent carriers seeking to recover costs for providing competitors with interconnection and access to unbundled networks, and conclude that using the FCC pricing methodology provides an incentive to competitors not to invest in their own facilities and effectively discourages the development of facilities based local exchange competition. In addition, Glover and Epps discuss the breadth of the Act's unbundling requirements as a risk to competition. The authors suggest that FCC unbundling rules should reduce the reliance on incumbent facilities and encourage competitors to deploy their own network elements, and question whether the FCC is willing to limit the unbundling requirements. Finally, Glover and Epps consider whether implementation of the Act's long distance entry provisions will produce competition in long distance and local markets. The complicated application process, the difficulty in complying with ever-changing FCC standards, and state and federal mandated tests for operations and support systems have only allowed two states to enter into the long distance market since the Act was passed, and lead the authors to believe this process could be improved. Although the success of the long distance entry provisions is still unclear, the authors suggest several ways to streamline this application process in order to spur competition.