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FOR IMMEDIATE RELEASE
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**Former Cabinet Official Supports Hollings Telecommunications Bill, Says It Would Create
Thousands of New Jobs, Billions of Dollars of Economic Output**

(WASHINGTON) - Former Secretary of Labor Ray Marshall today announced his support for S. 1822, the telecommunications bill authored by Senate Commerce Committee Chairman Ernest Hollings (D-SC), saying that it will help to create almost half a million jobs and increase the Gross Domestic Product by \$37 billion in the next ten years by ensuring that local telecommunications markets are fully competitive.

Marshall, an economist at the Lyndon B. Johnson School of Public Affairs at the University of Texas in Austin, announced his support in a discussion paper entitled "Building the Information Superhighway: Getting the Competition Right." The paper concluded that requiring real competition in local telephone markets would lead to more than 478,000 new jobs and a \$37 billion increase in the GDP. By contrast, allowing the Regional Bell Operating Companies (RBOCs) premature entry into long distance markets would result in the loss of 322,000 jobs and a \$24.4 billion drop in the GDP, according to the paper.

"Opening competitive markets to the RBOCs now would not bring competition to local and regional telecommunications markets. The wrong sequencing of events would allow monopolies to restrict competition instead of enhancing it, thus diminishing productivity, jobs, and national output," Marshall said. "Among existing proposals, only the Hollings bill pays enough attention to the proper sequence for lifting the MFJ restrictions."

Marshall based his conclusions on an analysis by the Competitive Long Distance Coalition, which used econometric models developed by the WEFA Group, an economic forecasting firm based in Bala Cynwyd, Pennsylvania. He urged Congress not to lift immediately the MFJ restrictions against RBOC participation on long distance, and said that "lifting these restrictions prematurely would create the same problems that led to the MFJ in the first place."

"The proposals to allow the RBOCs to enter competitive industries before local telecommunications markets are fully competitive would harm competition; reduce the growth of output, employment, and technological innovation; potentially cripple the NII (National Information Infrastructure); and raise prices to consumers," Marshall said.

Marshall rejected recent arguments made by the RBOCs that their immediate entry into long distance would create new jobs and increase economic output.

"Studies that purport to show that removing the MFJ restraints immediately would raise output and employment are based on the unrealistic assumption that monopolists would increase efficiency by entering long distance markets that these analysts assume are not already highly competitive," Marshall said. "This is contrary to all credible evidence and logic."

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**LOCAL COMPETITION PRECEDES MFJ LONG DISTANCE RELIEF
EMPLOYMENT EFFECT BY STATE - CHANGE FROM WEFA BASELINE IN 2003**

	Employment Change (thousands)	Employment Change as % of US Change	State Employment as % of US
ALASKA	1.0	0.2	0.2
ALABAMA	7.3	1.5	1.6
ARKANSAS	3.9	0.8	0.9
ARIZONA	7.4	1.6	1.4
CALIFORNIA	56.6	11.9	11.3
COLORADO	7.6	1.6	1.5
CONNECTICUT	6.4	1.3	1.3
DIST. OF COLUMBIA	2.1	0.4	0.6
DELAWARE	1.4	0.3	0.3
FLORIDA	28.1	5.9	5.6
GEORGIA	12.7	2.7	2.8
HAWAII	2.1	0.5	0.5
IOWA	4.6	1.0	1.1
IDAHO	1.8	0.4	0.4
ILLINOIS	23.3	4.9	4.7
INDIANA	11.2	2.4	2.3
KANSAS	4.3	0.9	1.0
KENTUCKY	7.2	1.5	1.5
LOUISIANA	7.4	1.5	1.5
MASSACHUSETTS	11.4	2.4	2.4
MARYLAND	8.9	1.9	1.8
MAINE	1.9	0.4	0.5
MICHIGAN	17.4	3.6	3.5
MINNESOTA	9.3	1.9	2.1
MISSOURI	9.7	2.0	2.1
MISSISSIPPI	3.6	0.8	0.9
MONTANA	1.2	0.2	0.3
NORTH CAROLINA	12.4	2.6	3.0
NORTH DAKOTA	1.0	0.2	0.2
NEBRASKA	3.0	0.6	0.7
NEW HAMPSHIRE	2.0	0.4	0.4
NEW JERSEY	13.6	2.9	3.0
NEW MEXICO	2.8	0.6	0.6
NEVADA	3.5	0.7	0.7
NEW YORK	28.7	6.0	6.4
OHIO	20.8	4.4	4.3
OKLAHOMA	5.0	1.0	1.1
OREGON	5.3	1.1	1.2
PENNSYLVANIA	20.3	4.3	4.4
RHODE ISLAND	1.6	0.3	0.4
SOUTH CAROLINA	6.3	1.3	1.4
SOUTH DAKOTA	1.1	0.2	0.3
TENNESSEE	10.7	2.2	2.1
TEXAS	37.7	7.9	7.2
UTAH	3.9	0.8	0.8
VIRGINIA	13.1	2.7	2.6
VERMONT	1.0	0.2	0.2
WASHINGTON	10.0	2.1	2.0
WISCONSIN	9.8	2.1	2.2
WEST VIRGINIA	3.0	0.6	0.6
WYOMING	1.0	0.2	0.2
TOTAL	477.5	100.0%	100.0%

PREMATURE MFJ RELIEF IN LONG DISTANCE
EMPLOYMENT EFFECT BY STATE - CHANGE FROM WEFA BASELINE IN 2003

	Employment Change (thousands)	Employment Change as % of US Change	State Employment as % of US
ALASKA	-0.7	0.2	0.2
ALABAMA	-4.9	1.5	1.6
ARKANSAS	-2.6	0.8	0.9
ARIZONA	-5.0	1.5	1.4
CALIFORNIA	-38.0	11.8	11.3
COLORADO	-5.1	1.6	1.5
CONNECTICUT	-4.3	1.3	1.3
DIST. OF COLUMBIA	-1.4	0.4	0.6
DELAWARE	-0.9	0.3	0.3
FLORIDA	-18.9	5.9	5.6
GEORGIA	-8.6	2.7	2.8
HAWAII	-1.5	0.5	0.5
IOWA	-3.1	1.0	1.1
IDAHO	-1.2	0.4	0.4
ILLINOIS	-15.7	4.9	4.7
INDIANA	-7.6	2.4	2.3
KANSAS	-2.9	0.9	1.0
KENTUCKY	-4.8	1.5	1.5
LOUISIANA	-5.0	1.5	1.5
MASSACHUSETTS	-7.7	2.4	2.4
MARYLAND	-5.9	1.8	1.8
MAINE	-1.3	0.4	0.5
MICHIGAN	-11.7	3.6	3.5
MINNESOTA	-6.3	2.0	2.1
MISSOURI	-6.6	2.0	2.1
MISSISSIPPI	-2.5	0.8	0.9
MONTANA	-0.8	0.3	0.3
NORTH CAROLINA	-8.5	2.6	3.0
NORTH DAKOTA	-0.7	0.2	0.2
NEBRASKA	-2.0	0.6	0.7
NEW HAMPSHIRE	-1.3	0.4	0.4
NEW JERSEY	-9.2	2.9	3.0
NEW MEXICO	-1.8	0.6	0.6
NEVADA	-2.4	0.7	0.7
NEW YORK	-19.4	6.0	6.4
OHIO	-14.0	4.4	4.3
OKLAHOMA	-3.3	1.0	1.1
OREGON	-3.6	1.1	1.2
PENNSYLVANIA	-13.8	4.3	4.4
RHODE ISLAND	-1.1	0.3	0.4
SOUTH CAROLINA	-4.3	1.3	1.4
SOUTH DAKOTA	-0.8	0.2	0.3
TENNESSEE	-7.2	2.2	2.1
TEXAS	-25.2	7.8	7.2
UTAH	-2.6	0.8	0.8
VIRGINIA	-8.8	2.7	2.6
VERMONT	-0.7	0.2	0.2
WASHINGTON	-6.8	2.1	2.0
WISCONSIN	-6.7	2.1	2.2
WEST VIRGINIA	-2.0	0.6	0.6
WYOMING	-0.6	0.2	0.2
TOTAL	-321.9	100.0%	100.0%

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Building the Information Superhighway:

Getting the Competition Right

Summary

Ray Marshall

Lyndon B. Johnson School of Public Affairs at The University of Texas – Austin

May 12, 1994

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Discussion Paper

Ray Marshall

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