



MOBILE REGISTER

Nation on the decline

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The Alabama Legislature has a unique opportunity to choose growth and prosperity for its citizens by voting to reform Alabama's archaic telecommunications law.

Legislators who vote to keep outdated telecom regulations in place are voting to send Alabama businesses and jobs over seas. It is time for Alabama to take a stand for growth.

Telecom is the central nervous system of today's global economy. It is the way all businesses communicate and do business with our workforce, our suppliers and our customers. Fast, accurate communications networks are increasingly becoming a crucial competitive tool.

It is important that our businesses have the tools to compete for customers to keep jobs and paychecks growing here at home.

Inadequate investment in high-speed telecom networks undermines our competitiveness. For the past decade, policies both in Washington and in Alabama have discouraged investment by undermining the return on capital invested in U.S. telecom assets.

During that time, the United States has gone from first place to 14th place among global economies in access to high-speed telecom networks. America's eroding telecom position is quietly reducing our workers' standard of living.

There is an intense global competition for capital under way. Alabama isn't just competing with Tennessee, Georgia, Florida and Mississippi for jobs. Alabama is competing with China, India and Korea for the capital to build businesses.

China, India and Korea are taking steps every day to make themselves a destination resort for capital. They have made high-speed telecom a national priority. (China will produce 500 million cell phones this year. India has announced it will spend \$800 million this year to expand high-speed networks.)

Alabamians know how to compete for capital. In recent years, Alabama has successfully competed for new operations with Honda, Hyundai, Mercedes-Benz, Toyota and International Diesel.

Over the past decade, this \$7 billion capital injection into the state's automotive sector has added 38,000 new direct jobs and more than 55,000 indirect jobs among almost 100 automotive suppliers and thousands of other local service providers. In 2005, Alabama could see nearly double those numbers.

Access to that capital has also made Alabama workers more productive, which helped them earn bigger paychecks. In 2003 Alabama's automotive workers earned \$1, 272 per week -- more than double the state's \$620 average weekly wage.

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We can repeat that success in telecom and other high-tech, high-pay sectors if we can just get out of our own way.

The telecom industry has been subjected to outdated regulations and price controls for years.

The 1996 Telecom Act undermined property rights through a process called forced access. This policy forced the companies that risked the capital to build modern networks to allow competitors to use their networks at below-cost, government-set rates.

Low returns and unpredictable rules have driven capital away and sidelined innovation. We can't afford these short-sighted policies today.

Radical advances in technology have changed the way we all communicate. We call each other on cell phones, we "instant message," we e-mail, we push-to-talk on our walkie-talkies, we use Voice over the Internet Protocol (VoIP), and we still use our traditional land-line telephones. But policy makers have continued to regulate the communications sector as if we were still in the 1950s.

Consequently, we are falling behind as a nation.

Policy makers in Washington and in state capitals around the country are waking up to the need for telecom reform.

Last year, the U.S. Chamber of Commerce conducted a study of the U.S. telecom sector -- I was one of the authors of the study -- which recommended a set of simple but powerful reforms that could add 212,000 jobs (3,100 in Alabama) and nearly \$634 billion in output. Congress has announced it will take up these reforms this year.

Utah has just passed a comprehensive set of reforms; South Carolina, Indiana, Oklahoma and other states are considering similar steps.

Alabama has the opportunity to be among the leaders in reforming telecom law to encourage new investment, innovation and jobs for the state by enacting the Communications Reform Act of 2005. The bill would ensure continued access to basic telephone service at an affordable price for all Alabamians, and would free businesses to do the capital spending they need to grow.

Talking about change doesn't make it happen. You have to change the rules.

Legislators should make every law and regulation pass a simple litmus test: Will it bring capital into Alabama, or drive it out?

This issue is not about Republicans or Democrats. It is about growth.