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## New pricing plans are good

**OPPOSING VIEW** Consumers have more choices, lower rates overall.

By James L. Gattuso

This isn't your father's telecommunications market. Long-distance pricing was once one-size-fits-all, with high, distance-sensitive rates cast in stone by regulators. Now that is changing, as MCI and other providers begin to offer flat-rate pricing plans.

This is good news for consumers. Rather than stick to pricing structures in use since the turn of the last century, long-distance providers are responding to what consumers are demanding today. And consumers want flat-rate simplicity. At the same time, consumers are given choices and lower rates overall.

What could be wrong with this? Some say the new system means higher costs for some low-volume callers, because new minimum-payment requirements and flat-rate fees offset gains. But overall, consumers are still winning, with average rates going down (about 3.6% in two years).

Moreover, the old, regulated rate structure subsidized low-volume callers, giving them artificially low prices at the expense of everybody else. This simply didn't make sense — especially given the fact that long-distance

calling isn't necessarily connected to income. Many wealthy people make few calls, while many poor are high-volume users.

Even if there were a problem, there's no case for government intervention here. This is a competitive market — as anyone interrupted at dinnertime by yet another long-distance telephone solicitor can attest. There are hundreds of long-distance telephone companies offering a variety of rate plans.

Of course, if regulators want to make long-distance telephone service even more affordable, there are some good ways to do so. For starters, they could revisit the "e-rate" or "Gore tax" program, under which consumers are assessed about \$2.25 billion per year to pay for phone subsidies.

In addition, regulators could allow more competitors into the long-distance business. The 1996 Telecommunications Act set rules under which Bell companies could compete in this business. The FCC still hasn't allowed any to do so.

The innovative pricing plans now being offered are promising news for consumers. The next move should be to reduce regulation of this market further, not increase it.

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